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TABLED BY:	Hon. Naomi Wagg MP
OF	Deputy Majority Party Whip
CLERK AT THE TABLE:	Halima Ahmed

THE AUDITOR-GENERAL

ON

**KENYA NATIONAL HIGHWAYS
AUTHORITY**

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



Kenya National Highways Authority

Quality Highways, Better Connections

KENYA NATIONAL HIGHWAYS AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2024

Kenya National Highways Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.

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1. Acronyms and Definition of Key Terms

A: Acronyms

AfDB	African Development Bank
CBK	Central Bank of Kenya
DG	Director General
EIB	European Investment Bank
EXIM	Export Import Bank
ICPAK	Institute of Certified Public Accountants of Kenya
IDA	International Development Association
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KTSSP	Kenya Transport Sector Support Project
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TMEA	TradeMark East Africa
WB	World Bank

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

The Authority was established vide the Kenya Roads Act, 2007. The Authority is under the State Department for Roads within the Ministry of Roads and Transport which gives it the general policy and strategic direction.

(b) Principal Activities

The principal activity/mission of the Authority is to develop and manage quality and adequate national trunk roads through innovation and optimal utilization of resources for sustainable development.

(c) Key Management

The Authority's day-to-day management is under the Director General who is an *ex officio* member of the Board of Directors and Secretary to the Board.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Eng. Kungu Ndungu
2.	Director, Public, Private Partnership	Eng. Charles Obuon
3.	Director, Development	Eng. Henry Gakuru
4.	Director, Maintenance	Eng. Daniel Cheronu
5.	Director, Corporate Services	CPA. James Bowen
6.	Director, Planning, Research & Compliance	Eng. Njuguna Gatitu
7.	Director, Highway Design & Safety	Eng. Ezekiel Fukwo
8.	Director, Audit Services	Dr. CPA. Sammy Kimunguyi
9.	Corporation Secretary/Deputy Director, Head Legal Services	Ms. Norah Odingo-Kajwang'
10.	Deputy Director, Head Supply Chain Management	Ms. Levina Wanyonyi

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Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

No.	Designation	Name
1	Chairperson (non-executive)	Ms. Winfrida W. Ngumi
2.	Director	Mr. Charles Gathogo <i>(Retired 17th November 2023)</i>
3.	Director	Mr. Protus Sigei, Alternate to CS National Treasury
4.	Director	FCCA. Julius W. Mwatia
5.	Director	Ms. Brenda N. Mayabi <i>(Retired 17th November 2023)</i>
6.	Director	Eng. Nicholas Musuni, Alternate to PS Roads
7.	Director	Mr. Martin Eshiwani Director – Alt. to PS (Transport) <i>(Retired 20th July 2023)</i>
8.	Director	Mr. John Nyaoko Morte Mose Director – Alt. to PS (Transport) <i>(Appointed 14th August 2023)</i>
9.	Director	Eng. Kennedy Sumbeiywo <i>(Appointed 24th November 2023)</i>
10.	Director	Dr. Benjamin Ouma Mware <i>(Appointed 24th November 2023)</i>
11.	Director	Ms. Rosemary Wanjiku Thiong'o <i>(Appointed 24th November 2023)</i>

The Authority's Board of Directors constituted four Board Committees namely;

- 1) The Finance, Strategy and Risk Committee,
- 2) The Audit and Governance Committee,
- 3) The Human Resource and General Purpose Committee and
- 4) The Technical, Procurement and Disposal Oversight Committee.

The Finance, Strategy & Risk, Human Resource and General Purpose and the Audit and Governance Committees are responsible for the fiduciary oversight of the Authority.

Their key responsibilities are outlined below:

i) Finance, Strategy and Risk Committee

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
 - 1) Quarterly Financial Performance reports, Quarterly Financial Statements & any other Financial Performance reports.
 - 2) Any revisions of the Financial Policies, Guidelines & Procedures.

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Key Entity Information and Management (continued)

- 3) Estimates of the Income & Expenditure of the Authority for the next Financial Year.
- 4) Supplementary budget estimates prior to the end of the financial year.
- 5) Special funding proposals including borrowings and grants and related reports.
- 6) Proposals for opening bank accounts, banking facilities in general and any changes to operational mandates.
- 7) Proposals for write offs/write back of significant losses and /or accounting differences.
- 8) Proposals for investments and their returns
- 9) Oversee systems and procedures in place to ensure all expenditures are within the approved budgets, the authority keeps proper books of accounts and records of its transactions and proper records of assets and liabilities are maintained.
- 10) To advise the Board on investments and borrowings, the policy on grants, loans or other payments to or by the Authority, contingent liabilities resulting from exposure from legal cases and effective and efficient strategies for Finance and Accounts Department
- 11) Risk management policy and risk appetite framework for the Authority
- 12) Quarterly reports on key risks that the Board needs to consider in detail and provide assurance to the board that they are being effectively identified, quantified and mitigated.
- 13) The extent to which the Authority operates within the risk appetite and tolerance levels set out.
- 14) Crystallization of the risks and triggers of crisis management
- 15) Report on Business Continuity and Recovery
- 16) The Authority's Strategic Plan
- 17) Reports on the implementation of the Performance Contract
- 18) Reports on the implementation of the Strategic Plan
- 19) Report on the Authority's performance and sustainability
- 20) Annual performance report
- 21) Performance of Quality Management System
- 22) Report on Business Process Re-engineering
- 23) Report on the implementation of policies and
- 24) Reports on Authority's Research, Knowledge Management and Business Development Initiatives

ii) Audit and Governance Committee

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
 - 1) Significant financial reporting issues and judgements made in connection with the preparation of the Authority's financial statements. This should be done prior to submission of financial statements to external auditors.
 - 2) Appointment and termination of the Director Audit services,
 - 3) Sanction transfers into and out of the Directorate of Audit Services at all levels,
 - 4) Assess the performance of the Director, Audit services
 - 5) Facilitate direct access of the Director, Audit Services to the Board Chairman
 - 6) The annual internal audit work plan
 - 7) Annual Internal Audit work plan, budget and the Directorate of Audit Services training plan
 - 8) Reports on results of Internal audit work

Key Entity Information and Management (continued)

- 9) Management responses to internal audit findings and recommendations
- 10) Authority's financial statements prior to submission to the Auditor General's Office
- 11) Management letters and the adequacy of management responses prior to submission
- 12) Whistleblowing arrangements

➤ Ensure that;

- 1) Internal audit the necessary resources to enable it to fulfil its mandate
- 2) A Meeting is held with the Director, Audit services at least once a year without management being present.
- 3) The risk function is audited to provide assurance on the effectiveness of the Enterprise-wide risk management process consistent with the Authority's determined risk appetite.
- 4) A meeting is held with external auditors at least once in each financial year to assess the Authority's internal control systems and financial reporting, work done and report to the Board on the effectiveness of external audit and determine the scope of internal audit work to be done in the succeeding financial year.
- 5) Resolution of major issues that arose during audits through follow up on implementation of internal and external audit recommendations.
- 6) Assessment of the effectiveness of the external audit process at the end of the annual audit cycle. This includes getting management feedback on the process.

iii) Human Resource and General Purpose Committee

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
- 1) Quarterly departmental reports for Human Resource Management, Corporation Secretary / Legal Services, ICT, Administrative Services, Corporate Communication and Monitoring of performance and change management.
 - 2) Staff terms and conditions of service including mortgages and pension scheme
 - 3) Funding arrangements for the staff mortgage scheme
 - 4) Corporate Staff recognition and reward policy
 - 5) Appointments and discipline of Staff in line with the schedule of delegated powers;
 - 6) Major changes in the Organizational structure
 - 7) Any revisions of the Human Resource Policy and Procedures Manual
 - 8) Any revisions of the Administration Services Policies and procedures
 - 9) Legal Services Policies and Procedures Manual
 - 10) ICT Policies and Procedures developed by Management;
 - 11) Business Continuity and Planning Procedures and Policies
 - 12) Annual Corporate Social Responsibility activities and their budgets
 - 13) Administrative Services Policies and Procedures Manuals

Advise and guide the Management on: -

- i). Organizational Development and Change Management,
- ii). Promotion of corporate business culture through ensuring an enabling environment for organizational effectiveness and continuous improvement,
- iii). Effective and efficient strategies for human resource management including recruitment planning, training & development, retention, and performance management,

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Key Entity Information and Management (continued)

- iv). Appropriate corporate communication strategies,
- v). Appropriate legal strategies,
- vi). Appropriate organizational administrative strategies,
- vii). Appropriate ICT strategies.
- viii). Monitoring of performance and change management.

iv) Technical, Procurement and Disposal Oversight Committees

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
 - 1) The Authority's Consolidated Annual Procurement and Disposal Plans
 - 2) Revision of the approved Consolidated Procurement Plans.
 - 3) All awarded contracts to ensure statutory and policy compliance.
 - 4) Periodic reports on the implementation of the procurement plan.
 - 5) Periodic reports on the statutory and policy compliance of the procurement function.
 - 6) Quarterly procurement performance reports.
 - 7) Advance briefs on all strategic procurements.
 - 8) Reports on development projects.
 - 9) Report on claims management in project.
 - 10) Report on Public-Private Partnerships.
 - 11) Report on road safety.
 - 12) Report on design projects.
 - 13) Report on structures projects.
 - 14) Report on Survey and road asset management.
 - 15) Report on maintenance of national trunk roads.
 - 16) Report on axle load control.
 - 17) Report on Management of roadside developments.
 - 18) KeNHA Annual Public Roads Program (APRP)
 - 19) Report on road condition and inventory Survey.
 - 20) Report on quality assurance in road projects.
 - 21) Report on Monitoring and Evaluation of projects.
 - 22) Report on complaint resolution and customer satisfaction.

v) Office of the Auditor General

The Annual Report and Financial Statements of the Kenya National Highways Authority are audited in accordance with Article 229 *sub article 7* of the Constitution of Kenya and Section 35 of the Audit Act 2015

vi) Development Partner Oversight Activities

This group constitutes Bi/Multi – lateral co-financiers with the Government of the Republic of Kenya for development projects under implementation of the Authority, whose key responsibilities include: -

- 1) To examine the annual reports of the Auditor General on the financial statements of projects,
- 2) To conduct financial management supervision and offer project implementation support,
- 3) Review of quarterly Interim Financial Management Reports and
- 4) Commission independent auditors to undertake financial and technical review of projects under their financing.

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Key Entity Information and Management (continued)

(vii) The Public Investments Committee

This is a Parliamentary Select Committee charged with the responsibility of examining the activities of state agencies. It receives audit reports from the Clerk of the National Assembly who in turn would have received them from the Authority.

Its key responsibilities as appertains to the Authority are to: -

- 1) Examine the Reports of the Auditor General on the financial statements of the Authority,
- 2) Examine, in the context of the autonomy and efficiency of the public investments,
- 3) Examine whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.

Within three months after receiving the PIC report, Parliament shall debate and consider the report and take appropriate action.

(f) Kenya National Highways Authority Headquarters

Barabara Plaza, Jomo Kenyatta International Airport (JKIA),
Off Mazao Road
P.O. Box 49712 - 00100
Nairobi, Kenya

(g) Kenya National Highways Authority Contacts

Telephone: (254) 02 8013842
E-mail: dg@kenha.co.ke
Website: www.kenha.co.ke

(h) Kenya National Highways Authority Bankers'

1.KCB Bank Ltd
Moi Avenue Branch
P.O Box 30081 -00100
Nairobi, Kenya

2. Co-operative Bank of Kenya Ltd
Upper Hill Branch
P.O Box 30415-00100
Nairobi, Kenya

3. National Bank of Kenya
Hill Plaza Branch
P.O. Box 45219 - 00100
Nairobi, Kenya

4.NCBA Bank Plc
NCBA House
P.O Box 44599 - 00100
Nairobi, Kenya

5. Equity Bank Limited
Equity Centre Branch
P.O Box 75104 - 00200
Nairobi, Kenya

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Key Entity Information and Management (continued)

(i) Independent Auditor



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

(j) Principal Legal Adviser

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

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3. The Board of Directors

Director	Brief Profile
 <p>1. Ms. Winfrida W. Ngumi Chairperson</p>	<p>Date of Birth: 22nd December, 1974 Bachelor of Architecture (Hons) Member of the Kenya Association of Manufacturers and the Kenya Private Sector Alliance. 20 years of experience in the building, construction and manufacturing industry.</p>
 <p>2. Mr. Charles R. Gathogo Director (Independent) Chair of the Human Resource & General Purpose Committee</p>	<p>Date of Birth: 24th February 1966 Master of Cadastral Application Bachelor of Science (Survey and Photogrammetry) Professional Membership: Licensed Land Surveyor and GIS Consultant with the Institute of Surveyors of Kenya. 25 years of Management experience in Engineering Survey, Cadastral Surveying and planning. <i>(Retired 17th November 2023)</i></p>
 <p>3. FCPA. Julius W. Mwatu Director (Independent) Chair of the Finance, Strategy & Risk Committee</p>	<p>Date of Birth: 9th December, 1972 Master of Business Admin. (Finance) Bachelor of Science (Statistics) Professional Membership: Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Secretaries (ICS), Institute of Certified Investment & Financial Analysts (ICIFA) 22 years of experience specialising in audit, tax, finance, and integrated reporting.</p>




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Director	Brief Profile
 <p>4. Ms. Brenda N. Mayabi Director (Independent) Chair of the Board Audit & Governance Committee.</p>	<p>Date of Birth: 25th June, 1992 Bachelor of Law (Hons) Professional Membership: Law Society of Kenya, East African Law Society. <i>(Retired 17th November 2023)</i></p>
 <p>5. Mr. Protus Sigei Director – Alt. to CS (National Treasury & Planning)</p>	<p>Date of Birth: 1st December 1965 Master of Science. Bachelor of Arts (Hons) Economics (with Mathematics) Professional Membership: Graduate of the Australian Institute of Company Directors (GAICD) Member of the Society for Benefit-Cost Analysis 23 years of experience in Board directorship.</p>
 <p>6. Eng. Nicholas Musuni Director-Alternate to PS (Roads)</p>	<p>Date of Birth: 5th March, 1979 Bachelor of Science (Civil Engineering) Training in leadership, corporate governance, project management and arbitration. Professional Membership: Member of the Institution of Engineers of Kenya (IEK) Registered Professional Engineer with Engineers Board of Kenya 18 years of Management experience</p>
 <p>7. Mr. John Nyaoko Morte Mose Director – Alt. to PS (Transport)</p>	<p>Date of Birth: 2nd January 1980 Master of Arts in Economics Bachelor of Arts in Economics Professional Membership: Member of the Economist Society of Kenya 12 Years of Management experience <i>(Appointed 14th August 2023)</i></p>

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Director	Brief Profile
 <p>8. Eng. Kennedy Sumbeiywo</p>	<p>Date of Birth: 30th December 1981 Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya (IEK) <i>(Appointed 24th November 2023)</i></p>
 <p>9. Dr. Benard Ouma Mware</p>	<p>Date of Birth: 7th August 1980 <i>PhD</i> Professional Membership: Member of the Kenya Australia Alumni Association. <i>(Appointed 24th November 2023)</i></p>
 <p>10. Ms. Rosemary Wanjiku Thiong'o</p>	<p>Date of Birth: 24th October 1991 Post Graduate Diploma Bachelor of Law (Hons) Professional Membership: Law Society of Kenya <i>(Appointed 24th November 2023)</i></p>
 <p>11. Eng. Kungu Ndungu, MBS Director General</p>	<p>Date of Birth: 18th October 1972 Executive Master of Business Administration Bachelor of Science (Civil Engineering) Registered Professional Engineers Board of Kenya, Professional Membership: Member of the Institution of Engineers of Kenya (IEK) <i>Member of the Kenya Institute of Management (MKIM)</i> <i>27 Years of Management Experience</i></p>




4. Key Management Team

Manager	Brief Profile
 <p>1. Eng. Kungu Ndungu, MBS Director General</p>	<p>Date of Birth: 18th October 1972 Executive Master of Business Administration Bachelor of Science (Civil Engineering) Registered Professional Engineers Board of Kenya, Professional Membership: Member of the Institution of Engineers of Kenya (IEK) Member of the Kenya Institute of Management (MKIM), 27 Years of Management experience</p>
 <p>2. CPA. James K. Bowen Director, Corporate Services</p>	<p>Date of Birth: 1st January, 1973 Master of Business Administration, Bachelor of Commerce (Accounting) Professional Membership: Certified Professional Credit Manager (CPCM), Certified Public Secretary (CPS K), Certified Public Accountant (CPAK) Professional Membership: Member of ICPAK and ICPSK 26 years of Management experience</p>
 <p>3. Eng. Njuguna Gatitu Director, Planning, Research & Compliance</p>	<p>Date of Birth: 1965 Bachelor of Science (Civil Engineering) Post Graduate Diploma in Computer Science Professional Membership: Member of the Institution of Engineers of Kenya 33 years of Management experience</p>

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Manager	Brief Profile
 <p>4. Dr. CPA. Sammy Kimunguyi Director, Audit Services</p>	<p>Date of Birth: 22nd September, 1980 Doctor of Philosophy in Business Management Master of Arts in Project Planning & Management Bachelor of Education Professional Membership: Certified Information Systems Auditor (CISA) Certified Fraud Examiner (CFE) Certified Public Accountant (CPA) Certified Information System Auditor (CISA) Professional Membership: Member of ICPAK, ISACA, CFE 16 years of Management Experience</p>
 <p>5. Eng. Ezekiel Fukwo Director, Highway Design & Safety</p>	<p>Date of Birth: 16th August, 1976 Master of Arts (Project Planning and Management) Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya Corporate Member of the Institution of Engineers of Kenya (IEK)- 17 years of Management experience</p>
 <p>6. Eng. Charles Obuon Director – Public, Private Partnership</p>	<p>Date of Birth: 20th November, 1972 Master of Philosophy in Civil and Structural Engineering (Water Engineering) Bachelor of Technology and Structural Engineering Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya 25 years of Management experience</p>
 <p>7. Eng. Henry Gakuru Director, Development</p>	<p>Date of Birth: 22nd September, 1970 Master of Science (Project Management) Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya 8 years of Management experience</p>

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Manager	Brief Profile
 <p>8. Eng. Daniel Cherono Director, Maintenance</p>	<p>Date of Birth: 17th September, 1977 Master of Laws, (Construction Law, Arbitration and Adjudication) Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya 12 years of Management experience</p>
 <p>9. Ms. Norah Odingo-Kajwang' Corporation Secretary/Deputy Director, Head of Legal Services</p>	<p>Date of Birth: 27th April 1969 Master of Business Administration Bachelor of Laws Registered Advocate of the High Court of Kenya Professional Membership: Member of the Law Society of Kenya Member of the Certified Public Secretaries of Kenya 28 years of Management experience</p>
 <p>10. Ms. Levina Wanyonyi Deputy Director, Head of Supply Chain Management</p>	<p>Date of Birth: 13th February 1972 Master of Business Administration Bachelor of Science Professional Membership: Kenya Institute of Supplies Management, The Chartered Institute of Purchasing & Supply Institute for Management of Information Systems 26 Years of Management experience.</p>

5. Chairperson's Statement

I am pleased to present the KeNHA Annual Report and Financial Statements for the fiscal year ending June 30, 2024. This publication represents the inaugural annual report under the Authority's Fourth Generation Strategic Plan 2023-2027, in alignment with the Fourth Medium Term Plan of Vision 2030. The strategic plan is centred on enhancing the Northern Frontier corridors and integrating highways with key infrastructure, including ports, cities, towns, institutions, industries, and other transport modes, fostering socio-economic development. This year has been marked by synergistic efforts, collaborative partnerships, and steadfast commitment from our stakeholders towards achieving the Authority's strategic objectives, which are pivotal for advancing Kenya's road infrastructure.

Ensuring a robust, safe, and comprehensive national trunk road network has remained a paramount priority for the Government, as it is a critical enabler of the Bottom-up Economic Transformation Agenda. The Authority has made substantial investments in constructing new roads and maintaining existing highways, aiming to reduce road user costs and travel time, thereby enhancing the nation's business environment.

In alignment with the Government's agenda, the Authority has advanced the construction of significant infrastructure projects, including the Mau Mau Roads, Kenol – Sagana – Marua, and Kitale – Endebess – Suam projects, to enhance the agricultural sector by improving access to farming fields, storage facilities, and market centres. Additionally, the Authority has substantially contributed to housing and settlement initiatives under the BETA pillar through the development of access roads to Vipingo Ridge estate via the Mtwapa – Kwa Kadzengo – Kilifi road and to Tatu City via the Uplands–Githunguri route, among other nationwide projects. These undertakings have significantly improved accessibility for building materials and increased the demand value of constructed units.

In the healthcare sector, the Authority has continued to build and maintain access links across its network, thereby facilitating the efficient transport of medical supplies, equipment, and personnel to remote areas. As part of its social responsibility, the Authority is constructing a post-crash care facility along Kenol – Sagana – Marua, which is expected to enhance access to health services and emergency response, thereby promoting human dignity. Furthermore, the construction and maintenance of National Trunk Roads have significantly supported Micro, Small, and Medium Enterprises (MSMEs) by improving the supply chain in remote areas. Notable projects include the Mwache–Tsunza–Mteza (Dongo Kundu) Road, access roads to the Dongo Kundu Special Economic Zone, and Kitale - Endebess – Suam, expected to reduce travel time and facilitate the movement of goods and services, thereby stimulating growth of MSMEs. Under the Digital Superhighway and Creative Economy initiative, civil works have commenced

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for installing fibre optic cables from Isiolo to Samatar as part of the Horn of Africa Gateway Development Project (HoAGDP).

To enhance service accessibility and improve operational efficiency, we re-engineered and digitalised three key processes and integrated five citizen-facing services into the e-citizen platform. In alignment with global climate change initiatives, we have adopted sustainable road construction and management practices, ensuring our infrastructure development supports environmental preservation. This includes minimising our carbon footprint and mitigating ecosystem degradation. The Authority strictly adhered to NEMA regulations at various stages of its projects and contributed to the National Tree Growing Restoration Campaign by planting approximately 210,334 trees. Additionally, we made significant progress in revising the road and bridge design manuals to address emerging construction challenges and to build climate-resilient infrastructure.

While the year presented us with challenges such as insufficient budgetary allocations, pending bills, escalating land acquisition costs, and the impacts of climate change on the road network, we have taken proactive measures to manage these risks. Our commitment to overcoming these challenges ensures the smooth operation and effective delivery of the Authority's mandate.

The Board upheld its fiduciary duties by ensuring the efficient and transparent use of resources allocated to the Authority and ensuring compliance with statutory requirements. During the financial year, Directors John Mose, Eng. Kennedy Sumbweiyi, Ms Rosemary Wanjiku Thiong'o, and Dr Benard Mware joined the Board, enhancing governance.

I extend my profound appreciation to the Board of Directors, Management, and staff for their steadfast dedication to realizing the year's accomplishments. These successes were made possible through the invaluable support from the Ministry of Roads and Transport, the Government, development partners, the general public, and the Almighty God's guidance and blessings upon our nation. We are grateful for your continued partnership and support.



Ms. Winfrida W. Ngumi
CHAIRPERSON OF THE BOARD OF DIRECTORS

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6. Report of the Director General

The Kenya National Highways Authority is mandated to develop, manage, and maintain National Trunk roads classified as Class A, B, and S. The Authority aims to provide a safe, resilient, and adequate Trunk Road Network and foster sustainable development throughout the country. The total road network under the Authority's jurisdiction is approximately 23,693 km, of which 8,279 km are Class A, 15,084 km are Class B, and 365 km are Class S.

This report, prepared as per section 44 of the Roads Act 2007, provides a comprehensive insight into our financial position as of 30th June 2024. We operated with a total allocated budget of KES 40,398,434,733 in the Financial Year, a clear demonstration of our unwavering commitment to transparency and accountability.

Our 4th Cycle Strategic Plan, which is the cornerstone of our interventions, is designed to align with the nation's strategic goals. It is centered around five key result areas: Providing adequate infrastructure, Maintaining the road network's functionality and durability, increasing effectiveness and efficiency in operations, enhancing environmental and social sustainability, and improving capability in the development and management of National Trunk Roads.

The Authority remained committed to providing adequate infrastructure by developing 91.96 Km under construction, rehabilitation and capacity enhancement programs against the target of 135 Km. In its pursuit to ensure the road network maintains its functionality and durability, the Authority maintained 14,084 Km of the road network, which comprised periodic maintenance of 149.6 Km against the targeted 117.5 Km, routine maintenance of 5,008 Km against a target of 6,400 Km and performance-based maintenance of 8,926 Km against the target of 9,094 Km. These achievements are a testament to our dedication to the country's development.

The Authority completed the construction of Kericho and Ahero Interchanges, designed 145 km of road, which includes Kericho Northern Bypass and North Horr – Jn Daradhe Ap Camp, mapped 924 Km of the road reserve corridor on the Authority's GIS database against a target of 1,000 Km, and undertook a cadastral survey for 450 Km of the road reserve corridors against a target of 500 Km.

Our unwavering commitment to road safety is a key priority in achieving the efficiency and effectiveness on our road infrastructure. Over the period, we installed 35,572 metres of guard rails, marked 747 Km of yellow centre and 1,407 Km of edge white. Additionally, we installed 31,171 cat eyes and 2,315 road signs. To ensure inclusivity and address stakeholder needs, we completed engineering designs for eight footbridges at Clay Works, Kihunguro (Ruiru), Juja Mona Park, Sigalagala, Masinde Muliro, Embu Referral Hospital, Pwani University and Swaminarayan.

The Authority actively engaged in the climate adaptation change makers school conference at UON. To foster environmental and social sustainability, the Authority successfully planted 210,334 trees, surpassing the initial target of 75,000 trees, and rehabilitated 67% of material sites. Additionally, the Authority completed and submitted three Environmental and Social Impact Assessment (ESIA) studies and four environmental audits on development projects and submitted reports to NEMA.

KeNHA held its inaugural Knowledge Sharing Conference and launched its Innovation Portal and Knowledge Sharing Repository. Over the year, two knowledge-sharing forums were held, aligning with the strategic objective of Science, Technology, and Innovation. Moreover, the Authority

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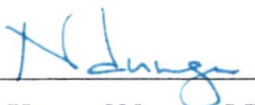
bolstered knowledge transfer, coaching, and mentorship by facilitating 420 internships, exceeding the annual target of 380.

During the fiscal year of 2023/2024, the Authority commenced the process of enhancing workplace productivity and implemented the Corporate Balanced Scorecard Performance Management System. Steps were taken to foster accountability and transparency in public administration by establishing Grievance Redress Mechanisms in three new road development projects and ensuring the engagement of stakeholders in all ongoing projects.

To ensure equitable access to Government Procurement Opportunities (AGPO), the Authority awarded goods and services worth KES 1,651.7 million to special groups, slightly below the annual target of KES 1,737 million. Contracts totaling KES 13.9 billion were granted to local contractors and suppliers, surpassing the target of KES 4.7 billion, thereby promoting local content in projects. The Authority operates eleven (11) static weighbridge stations and twenty-three (23) Virtual Weighbridge Stations along the National Trunk Road Network to monitor and enforce compliance with Axle Load Control guidelines. Mobile weighbridge stations are also operated to enhance compliance with axle load standards.

The Authority faces several challenges in fulfilling its mandate, including the high costs of maintaining aged pavements, inadequate budget for road infrastructure development, insecurity in project zones and climate change. The Authority has taken various measures, such as partnering with the private sector in development and maintenance of roads, applying timely maintenance to preserve the national trunk road network.

I would like to extend my heartfelt appreciation to the Board of Directors for their invaluable oversight and guidance. I also commend our dedicated staff for their tireless efforts in fulfilling our mandate. Furthermore, I am grateful to the Government, particularly the Ministry of Road and Transport and the National Treasury, and our Development Partners for their crucial funding of ongoing projects and programs. Finally, I sincerely thank all other stakeholders for their significant contributions toward enhancing the national trunk road network.



**Eng. Kungu Ndungu, MBS
DIRECTOR GENERAL**

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7. Statement of Performance against Predetermined Objectives for FY 2023/2024

During the year, the Authority implemented projects and programmes as espoused in the 2023 – 2027 Strategic Plan, which is aligned to the Kenya Vision 2030, MTP IV and the road sector investment plan.

During the year, the Authority maintained 15,084.92 km of National Trunk Roads throughout the country through 40% allocation of RMLF. The Authority focused on delivering its mandate in line with the five key intervention areas identified in its Strategic Plan. Some of the key achievements include:

Key Performance Indicator	Activities	Achievement
KRA 1: Planning and Development		
Strategic Objective: To Enhance the capacity of the National Trunk Road Network		
Length in km of road constructed/improved to all weather standard	Development (Construction, Rehabilitation and Capacity enhancement) of the road network.	91.96 km completed.
Kms of highways designed	Design on priority regional roads	231 km completed. 1,244 Km ongoing at various design stages.
No. of highway bridges constructed	Design and construct bridges on priority regional roads	Construction of 7 No. Bridges ongoing. No bridges were completed during the period.
No. of footbridges constructed	Design and construct of footbridges on priority regional roads	Finalized the detailed engineering design for 10No. footbridges
KRA 2: Road Asset Management		
Strategic Objective: To secure and preserve the National Trunk Road and Authority's Assets		
No. of road reserve marker posts installed.	Install and maintain road reserve marker posts.	Installed 6491 road marker posts.
Length of National Trunk Roads in km under routine maintenance.	Undertake routine maintenance of National Trunk Roads	5008.3 km
Length of National Trunk Roads in Km under periodic maintenance.	Undertake Periodic maintenance of National Trunk Roads	149.67 km
Length of National Trunk Roads in KM under PBC maintenance	Undertake Performance Based Contracting of the National Trunk Roads	8,968.1 km
No of Structures maintained	Undertake maintenance of major structures	Maintained six (6No) structures.
Length (Km) of road surveyed	Undertake Cadastral Survey of Road Corridors	450 Km submitted and approved cadastral survey computations by the Director of Survey.
No. of weighbridges installed.	Installation of weighbridges	1 No. weighbridge installation is ongoing at Kanyonyo.

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Key Performance Indicator	Activities	Achievement
KRA 3: Effectiveness and Efficiency		
Strategic Objective: To Improve on the effectiveness of the Authority's operations		
Operational Backup software installed	Install and maintain up to date backup software	Veeam-backup Software licenses renewed and operational
Registration certificate	Register with the data commissioner	Registration certificate received
Percentage (%) of Contracts digitized records	Digitization of Contract Documents	75% progress in Contracts Digitization
No. sensitization sessions on data protection Act held	Sensitization of staff and agents on data protection Act	2No. Staff sensitization on the Data Protection Act was undertaken.
No. of Processes Reviewed	Review of authority's automated processes and flowcharts	Two (2No.) processes were reviewed.
KRA 4: Sustainability		
Strategic Objective: To enhance environmental and social sustainability of the National Trunk Road Network		
No. of ESIA reports prepared	Conduct ESIA Studies for road projects	8 No. ESIA reports prepared and submitted to NEMA
No of climate change conferences participated in	Participate in climate change conferences to mobilize resources	Climate adaptation change makers school conference UON and Africa Climate Summit 2023
No of proposals developed	Develop proposal on climate financing of road intervention	3No proposals submitted
No. of locals trained	Support locals for technical training	189 students reported in September 2023
Number of trees planted	Afforestation and Reforestation	210,334 No. tree seedlings planted
No of audits	Carry out road safety audits	6No. road safety audit report
KRA 5: Capability		
Strategic Objective: To enhance capability to meet stakeholder expectations		
No. of staff recruited	Recruitment of additional staff	9 No. staff recruited
No. of staff trained	Staff Training	498 No. staff have been trained
No. of graduates attached	Provide internships and attachments	285 No. youth have been engaged
No. of portals established	Establish knowledge sharing and collaboration portal	Portal established
Uptake of 30% value of Tender awarded	Access to Government Procurement Opportunities	KES 1,651,699,813 has been awarded
Percentage of value of aggregated contract sums expended on locally sourced inputs, including local contractors, local subcontractors, local suppliers, local service providers and local materials	Implement strategies that Promote National Values and Principles of governance and specifically local content and technology transfer	KES 13,956.14B worth of works, goods and services were procured locally

8. Corporate Governance Statement

The Kenya National Highways Authority is committed to the values and principles of good Corporate Governance as an integral part of the Corporate Culture. This guides the way its Directors, Management and Staff conduct the business of the organization.

As a public sector organization dedicated to providing quality service to its stakeholders, the Authority's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, the Leadership and Integrity Act, the Mwongozo Code of Governance for State Corporations and Board's Code of Conduct.

The Authority endeavours to develop, strengthen and sustain the trust that the Government, employees and the public have bestowed on it. The Board is committed to regularly evaluating national and international standards in responsible, transparent and efficient manner with a view of enhancing Corporate Governance at the Authority and consistently delivering on its statutory mandate.

The Authority's Board is constituted as per the provisions of the Kenya Roads Act, 2007 with membership drawn from both the Public and Private sector. The Board is composed of nine (9) Directors with the Directors having a background or knowledge in the following areas:

- Business Industry
- Highway Engineering
- Transport economics
- Surveying
- Accountancy
- Law

In line with the provisions of the Kenya Roads Act, 2007, the Chairman and other members of the Board, other than designated public officers, hold office for a period of three (3) years from the date of appointment and may be eligible for re-appointment for one (1) further term.

The appointment of all members of the Board as first constituted and at every change in membership is by notice published in the Kenya Gazette.

The Director General is appointed by the Board in consultation with the Cabinet Secretary in charge of Roads following a competitive recruitment process.

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New Directors are provided with extensive materials on the Authority and its operations, the procedures relating to the Board and its Committees and their duties and responsibilities as Directors. Induction of all new Directors is guided by the Board Induction Plan for new Directors.

The primary function of the Board of Directors' (the Board) is to provide effective strategic leadership and direction to enhance the long-term value of the Authority to its stakeholders. The Board has the overall responsibility for overseeing the development and implementation of the strategic plan, performance objective, financial plans, annual budget, key operation initiatives, financial performance reviews and corporate governance practices. They are also responsible for instilling the appropriate culture, value and behaviour throughout the organization. The Board is therefore committed to maintaining very high standards of corporate governance and ethical conduct.

The Board has established four (4) Committees from among its Members to assist in the execution of its responsibilities. These are the Audit and Governance Committee, the Human Resource and General Purpose Committee, the Technical, Procurement and Disposal Oversight Committee and the Finance, Strategy and Risk Committee. Each of these Committees operates pursuant to approved Terms of Reference delegated to them by the Board. The Board and each Committee have scheduled meetings held in every quarter of the Financial Year. The Chairman of each Committee regularly reports to the full Board on the Committee's deliberations at quarterly meetings of the Board.

A schedule of individual board members and their position are as shown below;

No.	Name of Director	Board Position
1	Ms. Winfrida Ngumi	Chairman
2	Dr. Bernard Mware	Member (Chair- Audit and Governance)
4	FCCA Julius Waita Mwatia	Member (Chair- Finance Strategy and Risk)
5	Eng. Kennedy Sumbeiywo	Member (Chair- Technical Procurement and Disposal Oversight)
6	Ms. Rosemary Wanjiku Thiong'o	Member (Chair- Human Resource and General Purpose)
7	Mr. Protus Sigei	Member
	Eng. Nicholas Musuni	Member
8	Mr. John Mose	Member

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Board Meetings held during the Financial Year and individual attendance of the same by the Director's is shown in *Annex I* below;

S. No.	BOARD MEETING NUMBER	ATTENDANCE/ABSENT WITH APLOGY
1	168	All Members were present
2	169	All Members were present
3	170	All Members were present
4	171	Ms.Brenda Mayabi was absent
5	172	All Members were present
6	173	All Members were present
7	174	Eng. Kennedy Sumbeiywo was absent
8	175	Eng. Kennedy Sumbeiywo was absent

SUCCESSION PLANNING

The Authority recognizes that succession planning forms an integral part of the Authority Human Resource Strategy and ensures the presence of a 'talent pipeline' that guarantees continuity of business in the event that key persons exit the Authority. It allows for the selection and preparation of individuals to ascend to the next level in the organization through appropriate Human Resource Intervention.

Succession Planning on the Board is implemented by ensuring that the Parent Ministry is informed six (6) months prior to the expiry of the term of any of the Directors, for appointment, to ensure the Board is always fully constituted.

BOARD CHARTER

The Authority maintains a Board Charter that is a guide for Directors of the Kenya National Highways Authority (KeNHA) when executing their mandate. It expounds and sets out the Directors' collective and individual powers, rights, duties, obligations, responsibilities and liabilities.

The Charter enshrines the requirements of good Corporate Governance applicable to the Authority that meets the requirements of the enabling legislation and the Code of Governance for State Corporations (Mwongozo). It serves to facilitate and promote effective Governance that is responsible and responsive to the Government's policies and guidelines on State Corporations.

It also provides a framework through which the Board carries out its statutory mandate in compliance with the international principles of corporate governance, Laws, Regulations and Policies of state corporations.

INDUCTION AND TRAINING OF THE BOARD

The Authority ensures that the Board's capacity is continually built through trainings and workshops and encourages Board Members to be up to date with continuous Professional Development in their respective professional bodies. The Authority further prepares and implements an annual Board Training Plan to ensure capacity building of the Board as regards their needs.

An induction process is undertaken for all new Board Members to familiarize themselves with their role as Directors and acquaint themselves with KeNHA's mission, vision, core values, mandate, strategic direction, code of conduct and ethics, best Corporate Governance practices and approved policies and procedures.

The Chairperson of the Board spearheads this process in line with the Induction for New Directors Programme to ensure that new Board Members are inducted according to the induction programme.

BOARD AND MEMBER PERFORMANCE

The Board undertakes an annual Board Self Evaluation exercise facilitated by the State Corporations Advisory Committee (SCAC) that enables the Board evaluate the Performance of the full Board, the individual Members, the Director General and the Corporation Secretary.

Subsequent to the Self Evaluation the Board prepares a Board Performance Improvement Plan that enable the Board strategize and implement measures to enhance its performance in areas requiring improved performance.

BOARD REMUNERATION

Board Remuneration by the Authority is guided by the relevant statutory Guidelines from the State Corporations Advisory Committee (SCAC) and Circulars issued from time to time by SCAC. The Authority endeavours to remunerate the Board members fairly, ethically and responsibly.

CONFLICT OF INTEREST

Board Members declare any real or perceived conflict of interest with the organization upon appointment to the Board and any that may subsequently arise, through the Conflict of Interest Register that is signed by the Board Members at every meeting.

GOVERNANCE AUDIT

The Board subjects the Authority to an annual Governance Audit overseen by the Authority's Internal Audit Function. The Governance Audit covers the areas of, Leadership and Strategic Management, Transparency and disclosure, Compliance with Laws and Regulations, Communication with stakeholders, Board Independence and Governance and Board systems and procedures.

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9. Management Discussion and Analysis

Mandate

To develop and manage quality and adequate national trunk roads through innovation and optimal utilization of resources for sustainable development.

SECTION A

The Entity's Operational Performance

Road Maintenance

The Authority is undertaking numerous road maintenance projects on our entire road network as summarized in the table below.

No.	Project Activity	Targeted Output(lane Km)	Actual Output(lane Km)	Source of Funding
1.	Periodic maintenance	118	168	Road Maintenance Levy Fund
2.	Routine maintenance	6,444	5,626	Road Maintenance Levy Fund
3.	Performance Based Contracts	9,116	8,963	Road Maintenance Levy Fund
4.	Engineered Gravel Roads	30	31	Road Maintenance Levy Fund
	Total	15,708	14,788	

ROAD SAFETY				
	<i>Guard rails in (Meters)</i>		15,127	35,572
ROAD SAFETY	<i>Road Boundary Posts (No)</i>		6,495	7,202
	<i>Road signs (No)</i>		2,030	2,315
	<i>Road marking (Km)</i>	<i>Yellow center</i>	724	748
		<i>Edge white</i>	980	1,407
	<i>Cat eyes</i>		22,515	31,171

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Development & Rehabilitation Projects

The Authority is implementing a number of development projects across the country on behalf of the Government. A number of these projects are co-funded with the government's Development Partners which include the International Development Association (IDA), African Development Bank (AfDB), Export Import (EXIM) Bank and Japanese International Co-operation (JICA).

No.		Current status	No. of projects	Value of Contract Sums in Kshs. Millions
1.	Fully funded by GoK	Completed	0	0
		Substantially complete	0	0
		On-Going	23	96,695
		Under Procurement	0	0
		Sub-total	23	96,695
2.	Jointly funded by GoK & IDA (EARTTDFP)	Completed	0	0
		Substantially complete	1	5,801
		On-Going	2	4,073
		Sub-total	3	9,874
No.		Current status	No. of projects	Value of Contract Sums in Kshs. Millions
3.	Jointly funded by GoK & IDA (HOAGDP)	Completed	0	0
		On-Going	2	18,997
		Under Procurement	4	26,600
		Sub-total	6	45,597
4.	Jointly funded by GoK & IDA (KTSSP)			
		Completed	2	1,388
		Substantially Complete	0	0
		On-Going	2	7,544
		Sub-Total	4	8,932
5.	Jointly funded by GoK & AfDB	Completed	0	0
		Substantially complete	5	44,337
		On-Going	4	34,049
		Under Procurement	4	15,600
		Sub-total	13	93,986
6.	Jointly funded by GoK & EXIM Bank of China	Substantially complete	1	17,662
		On-Going	1	21,546
		Sub-total	2	39,208
7.	Jointly funded by GoK & JICA	Substantially complete	1	24,236

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		On-Going	0	0
		Under Procurement	2	4,553
		Sub-total	3	28,789
8.	Jointly funded by GoK & TMEA	On-Going	1	3,576
		Sub-total	1	3,576
9.	Jointly funded by GoK & EIB	On-Going	1	10,339
		In contracting process	2	16,200
		Sub-total	3	26,539
	GRAND TOTAL			353,196

SECTION B

Entity's compliance with statutory requirements

The Authority has complied with all statutory requirements which include: -

- 1) Accurate and timely remittance of monthly;
 - i. National Hospital Insurance Fund contributions,
 - ii. National Social Security Fund contributions,
 - iii. Pay As You Earn recoveries
 - iv. Withholding Tax
 - v. Value Added Tax
 - vi. Training Levy
- 2) Prompt payment of vendors subject to budget and liquidity

SECTION C

Key Projects and Investment Decisions the Entity is Implementing

The Authority is implementing projects using funds from Development Partners and the Government of Kenya as summarized in *Appendix II*.

SECTION D

1.0 The Key Corporate Risk Profile

The key corporate risks for KeNHA for Financial Year 2023/2024 are as listed below:

1. Contract and Project Management Risk
2. Business Continuity Management Risks
3. People Risk
4. Reputational Risk
5. Data Management Risks
6. Public Private Partnership (PPP) Risks
7. Road Asset Management Risks

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8. Budgetary Constraints Risk

9. Geopolitical Risk

10. Environmental and Social Risks

1.0 INTRODUCTION

1.1 Status Report on Key Corporate Risk Profile for KeNHA

The key corporate risks for Authority in FY 2023/2024 were as follows:

Table 1: Key Corporate Risks with the corresponding Strategic Objectives

Risk Area	Corporate Strategic objective(s) affected
1. Contract and Project Management Risk	To enhance capacity and quality within the national trunk roads network
2. Business Continuity Management Risks	To strengthen the institutional framework and capacity
3. People Risk	To strengthen the institutional framework and capacity
4. Reputational Risk	To strengthen the institutional framework and capacity To enhance environmental sustainability and promote social interests
5. Corporate Culture	To strengthen leadership and accountability To strengthen the institutional framework and capacity To institutionalize research and development within the Authority
6. Data Management and Cyber Security Risks	To strengthen the institutional framework and capacity
7. Public Private Partnership (PPP) Risks	To enhance capacity and quality within the National Trunk Roads Network To mobilise additional financial resources to bridge any financial gaps
8. Road Asset Management Risks	To preserve the quality of the national trunk road network To define, delineate and clear road reserves and depot camps To enhance Axle Load Control

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Risk Area	Corporate Strategic objective(s) affected
9. Budgetary Constraints Risk	To mobilise additional financial resources to bridge any financial gaps
10. Political risks	To preserve the quality of the national trunk road network

Table 2: Specific actions / activities undertaken to address the Key Corporate Risks

Key risk Area	Activity
1. Contract and Project Management Risks	<p>The pending bills stand at Ksh.91,129,895,345 billion of which land compensation is Ksh.36,106,650,278 (39.6% of pending bills).</p> <p>As at 30th June 2024 there were eight (8) construction projects under suspension mainly due to delayed payments.</p> <p>With the above-mentioned status, the contracts and project management risks continue to be severe.</p>
2. Business Continuity Management risks	<p>An Information Security Management System (ISMS) certification audit to determine KeNHA's readiness for ISO 27001 certification was carried out in March 2024. The corrective action plan has been addressed and a response is awaited from the certifying body, KEBS.</p> <p>As directed by the Board in April 2024, the business continuity management policy and business continuity plan have been reviewed to incorporate disaster preparedness and will be presented to the Board once adopted by management.</p>
3. People Risks	<p>As articulated in the strategic plan, one of the weaknesses that need to be addressed is functions that are not fully staffed and staff establishment report not fully implemented.</p> <p>To address this, for the period under review, the HRM department advertised 25 positions for internal recruitment and 92 positions for external recruitment.</p>
4. Reputation Risks	<p>The Authority secured a firm which facilitates brand management, social media engagement and media monitoring. Staff in Corporate Communication have been reorganized and assigned various duties for the purpose of improving effectiveness.</p> <p>To demonstrate that KeNHA is a good corporate citizen that is mindful of the environment, in the entire year some 210, 334 seedlings were planted under various projects of the Authority and on various occasions such as the national tree planting campaigns.</p>

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Key risk Area	Activity
5. Corporate culture risks	<p>Staff have been sensitized on the core values of the Authority. Further, a knowledge repository has been created on share point to facilitate knowledge sharing and foster teamwork, which is one of our core values.</p> <p>An innovation portal was set up in June 2023 to facilitate sharing of innovative ideas that can foster efficiency and effectiveness as well as facilitate resource mobilization.</p> <p>The RI&KM had held two knowledge management workshops as at 30th June 2024.</p>
6. Data management and cyber security risks	<p>The consultancy for security assessment, to review the network risk exposure and give recommendations ended in June 2024. The department is in the process of implementing the recommendations in order to strengthen cyber security.</p> <p>Controls are further being strengthened through implementation of the requirements of the ISO 27001:2022 ISMS requirements.</p>
7. PPP Risks	<p>Construction of the Nairobi – Mau Summit is being terminated and this will result in termination cost of approx. Ksh10 billion.</p> <p>The Directorate is reviewing PPP proposals for other roads and preparing documentations for tolling.</p> <p>Given that PPPs are relatively new, it is critical to track and mitigate the related risks in order to enhance our chances of success.</p>
8. Road Asset Management Risks	<p>The pending payments (for 37no. certificates) for maintenance works as at 26th March 2024 stood at Ksh.1,251,576,111.</p> <p>In contrast as at 30th June 2024 there were a total of 187No. pending certificates for maintenance works totaling Ksh.2,856,680,590.29</p> <p>The budget RMLF for FY 2023/2024 is Ksh.31.2 billion and a budget cut of Ksh.4.7 billion meant that our allocation for FY 2023/24 was Ksh.26.5 billion. KeNHA had received Ksh.23.6 billion at the end of the financial year. The variance of Ksh.2.9 billion (11% of the budget) has not been remitted to KeNHA.</p> <p>Inclement weather affected roads, especially in north and upper eastern region. Reinstatement of these roads require additional funds.</p>

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Key risk Area	Activity
9. Budgetary constraints	<p>This remains a critical risk and issue for the Authority.</p> <p>KeNHA advertised for consultancy services for development of KeNHA’s own source revenue business strategy for FY2023/24 – 2027/28 in May 2023.</p> <p>The parent Ministry and the Treasury did a verification of all pending bills as part of the initiative to pay out these bills.</p>
10. Political risks	<p>As at October 2023, when this risk was incorporated into the key corporate risk register, there were several demonstrations across the country. The demonstrators were using the road and were vandalizing furniture and damaging the roads. The result was an increase in maintenance costs that were unplanned for.</p> <p>By the 3rd quarter the likelihood of this risk has reduced from a rating of 5 (very likely) to 3 (possible) making the risk score reduce. In an unexpected turn of events, the protests against the finance bill for FY 2024/2025, which culminated in the cancellation of the bill increased the severity of this risk in the fourth quarter.</p>

1.2 Summary of Key Corporate Scorecard as at 30th June 2024

The overall risk profile as at 30th June 2024 remained largely unchanged for eight key corporate risks. The risks whose scores have reduced was corporate culture risks. Political risk which had reduced in the third quarter increased in the fourth quarter. The risks which are expected to reduce in the course of FY 2023/2024 due to current ongoing interventions include business continuity management, data management and cyber security risks.

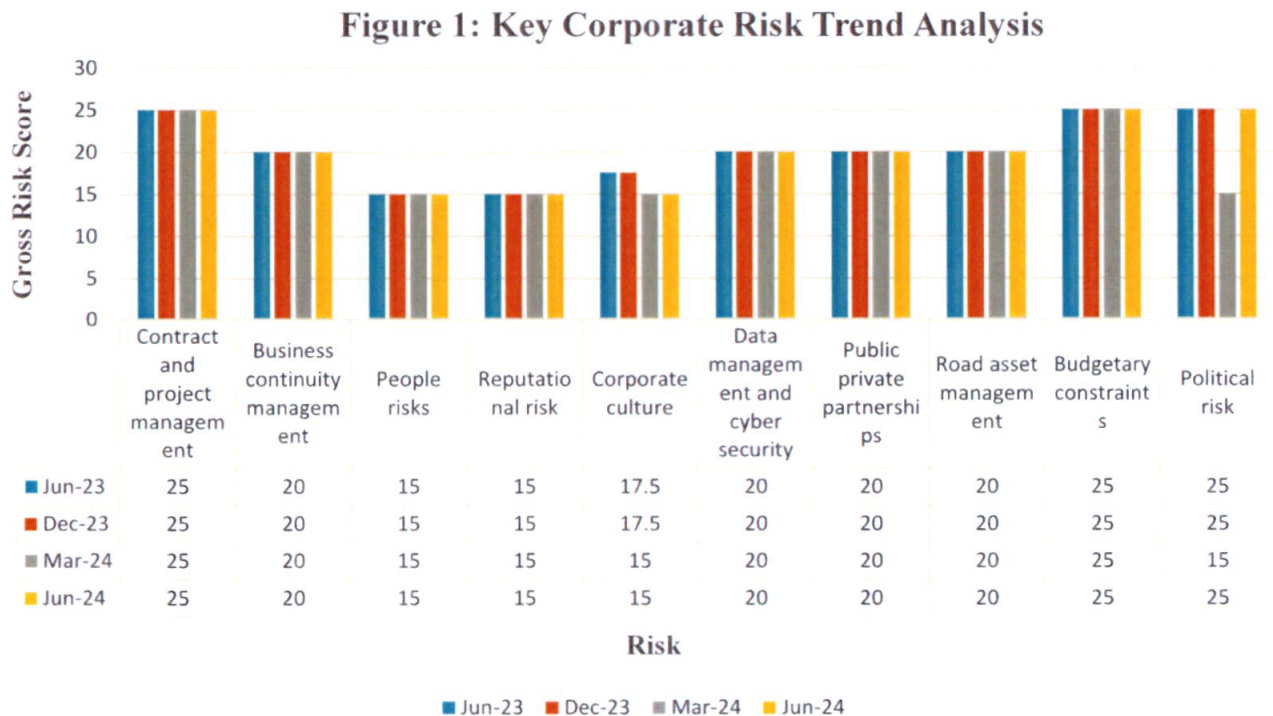
Contract and project management risks as well as budgetary constraints remain the most critical risks facing the Authority. With delays in exchequer releases, a number of contractors slowed down or stopped works and submitted claims for delayed payments, further exacerbating the challenges. (Note: these two risks have consistently been on the key corporate risk profile since the creation of the first key corporate risk profile report in 2013 and have now crystallized). Table 4 and figure 1 gives the movement of the risk scores in a heat map of the risks as at June 2023 through to June 2024 at the close of the financial year.

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Table 3: Key Corporate Risk Trend Analysis

	Risk	Gross Risk Score			
		June 2023	Dec 2023	March 2024	June 2024
1	Contract and project management	25	25	25	25
2	Business continuity management	20	20	20	20
3	Budgetary constraints	25	25	25	25
4	Political risk	25	25	15	25
5	Data management and cyber security	20	20	20	20
6	Public private partnerships	20	20	20	20
7	Road asset management	20	20	20	20
8	Corporate culture	17.5	17.5	15	15
9	People risks	15	15	15	15
10	Reputational risk	15	15	15	15

Figure 1: Key Corporate Risk Trend Analysis



a) 2.0 THE KEY CORPORATE RISK PROFILE FOR 2023/2024

To identify the Key Corporate Risks for the Authority for FY 2023/2024, the ERM&BPR Department reviewed the operational and project risk registers as well as risk reports such as the World Economic Forum Global Risks Report 2024 and the IRM’s Risk Trends 2024.

The Board has stated that *the Authority’s overall risk appetite will be low to moderate, tending towards low because KeNHA is a state corporation that has a responsibility to the public and other stakeholders in pursuit of its set strategic objectives.* In view of this, we propose to retain seven (7No.) key risks from the previous financial year. This is because they directly affect achievement of our strategic objectives and fulfilment of our core mandate. From the trend analysis shared in table 4 above, the above-mentioned risks still rank critical and high, and therefore still require regular monitoring by senior management and the Board. It is proposed that corporate culture risk be merged with people risk. Additionally, a number of mitigation strategies are in various stages of implementation to address the drivers of several key risks. It would be prudent to track and monitor these risks as the mitigations are implemented. We propose to rename political risk as geopolitical risks and to introduce environmental and social risk to the key corporate risks of the Authority.

A detailed summary of the identified risks, their drivers and mitigation strategies as well as the strategic corporate objectives they are aligned to is annexed as Appendix I to this report.

Table 4: Risk Scores for the proposed Key Corporate Risks for FY 2023/2024

No.	Identified Risk	Likelihood	Impact	Gross Risk Score
1.	Contract and Project Management Risk	5	5	25
2.	Budgetary Constraints Risk	5	5	25
3.	Geopolitical Risk	5	5	25
4.	Business Continuity Management Risk	4	5	20
5.	People Risk	4	5	20
6.	Data Management Risks	4	5	20
7.	Public Private Partnership (PPP) Risks	4	5	20
8.	Road Asset Management Risks	4	5	20
9.	Environment and social Risk	4	5	20
10.	Reputational Risk	3	5	15

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**b) APPENDIX I: SUMMARY KEY CORPORATE RISKS FOR FY 2023/2024 WITH
THE CORRESPONDING MITIGATION MEASURES**

	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
1	Contract and Project Management Risks	<ol style="list-style-type: none"> 1. Piecemeal site availability for works. 2. Delayed payments 3. Low BOQ rates in some projects 4. Slow response to contractual issues 5. Inadequate enforcement of contractual obligations 6. Inadequate capacity in contract management 7. Gaps in some contract documents. 8. Inadequate capacity by consultant or contractor to undertake consultancy or works <p>Emerging drivers</p> <ol style="list-style-type: none"> 9. Significant rationalization of budget 	<p>Ensure acquisition of road corridors including right of way before commencement of works.</p> <p>Ensure enforcement of contractual obligations as appropriate</p> <p>Make decisions on contractual matters as appropriate and timely within stipulated regulated durations</p> <p>Continually build capacity within KeNHA on Project and Contract management.</p> <p>Review Progress Reporting to capture more feasible and critical issues required for decision making.</p> <p>RACM has improved contract documents to ensure that contractors who perform dismally for 3 consecutive months are charged liquidated damaged and/or the contract terminated.</p> <p>On a quarterly basis, comprehensive project risk reports and their treatment are included in the progress reports for development projects.</p>	To enhance capacity of the national truck road network

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
2	Business Continuity Management Risks	<ol style="list-style-type: none"> 1. Possibility of pandemic 2. Exceptional weather and ground conditions 3. Insecurity caused by inter-clan conflicts, bandits and terrorists during road construction 4. Man-made or natural disaster that may disrupt normal operations at the Authority. 5. Inadequate succession management 	<ol style="list-style-type: none"> 1. Enforcement of pandemic protocols 2. Implement business continuity plans 3. Develop and implement disaster preparedness plans as required for critical functions 4. Enhance budgetary provisions on Framework contracts to effectively address emergencies such as road-cuts. 5. Certification audit for ISO 27001 ISMS has been done. Response awaited from certifying body. 6. The ERM &BPR has reviewed BCM policy to incorporate disaster preparedness 7. Enhance succession management 	<p>Improve on the effectiveness of the Authority's operations</p> <p>To enhance capacity to meet stakeholder expectations</p>
3	People Risk	<ol style="list-style-type: none"> 1. Pressure to engage more staff on contract terms due to insufficient human resource. 2. Staff Attrition 3. Integrity of staff 4. Demotivated workforce 	<ol style="list-style-type: none"> 1. Regular departmental and town hall meetings with staff to communicate expectations, track performance and address concerns and challenges. 2. Review staffing needs for the Authority and address critical gaps through recruitment 3. Undertake job evaluation 4. Train staff annually to provide critical soft and technical skills 5. The health and safety Committee works closely with Directorate of Occupational Safety and 	<p>Improve on the effectiveness of the Authority's operations</p>

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Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
	<ul style="list-style-type: none"> 5. Inadequate enforcement of HR manual 6. Unclear and undefined corporate culture 	<ul style="list-style-type: none"> Health to continually enhance safety of staff 6. Sensitize staff to understand that implementation of HR manual is mandatory 7. Undertake a corporate culture survey or audit in the course of the financial year. 8. Sensitize staff on the reviewed vision, mandate and core values of the Authority. 9. Review existing Code of Conduct to ensure it takes into account the core values of KeNHA. Have staff to sign off that they have read the Code of Conduct and will abide by its requirements. 10. Promote ethical conduct by undertaking corruption perception survey and conducting integrity Audit; and implementing recommendations 	
4	<p>Reputation Risk</p> <p>Inadequate information in media, including misinformation and disinformation (especially social media)</p> <ul style="list-style-type: none"> 1. Disgruntled stakeholders, both external and internal 2. Inadequate media management 3. Inadequate responses to negative media reports 	<ul style="list-style-type: none"> 1. Regularly monitor stakeholder expectations. 2. Proactively address stakeholder expectations through sensitization, involvement and appropriate information sharing 3. Media management 4. Manage information within the Authority 5. Engage skilled staff to monitor and address issues raised on social media 6. Promote environmental conservation and management 	<p>Improve on the effectiveness of the Authority's operations</p> <p>To enhance capacity to meet stakeholder expectations</p>

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
			7. Enhance social safeguards in projects	
5.	Data Management Cyber Security Risks	<ol style="list-style-type: none"> 1. Lack of centralized and comprehensive data management framework 2. Data security risks, where information may fall into the hands of unauthorized persons 3. Data breaches – unintentional release of secure information 4. Inadequate password management practices, software piracy, malware and lack of knowledge on IT related operations making staff susceptible to cyber crimes 5. Enactment of Data Protection Act and Access to Information Act 	<p>For data management</p> <ol style="list-style-type: none"> 1. Develop data management framework for the Authority and sensitize staff on its requirements 2. Continue with Automation of all internal business processes through ERP 3. Operationalize Electronic Document Management System <p>For cyber security</p> <ol style="list-style-type: none"> 4. Sensitization of staff on cyber security policy and cybercrime Act. 5. Implementation of firewalls and security monitoring tools 6. Use of genuine updated antivirus 7. Use of genuine software 8. Software updates and patch management 9. Implement business continuity plan and backup restoration plan / infrastructure 10. Pursue and maintain ISO 27001 certification. 11. Comply with requirements of Data Protection Act and Access to Information Act. 	Improve on the effectiveness of the Authority's operations
6.	PPP Risks	<ol style="list-style-type: none"> 1. Complexity of the PPP projects. For instance, contractual relationships between parties in the project. A small number of KeNHA Staff 	<ol style="list-style-type: none"> 1. Train more staff on PPP in all relevant areas namely Legal, Supply Chain, Finance, Engineering, Communication and Risk). 2. Ensure continuous public engagement and dissemination of information to manage and minimize opposition against the PPP projects. 	Enhance the capacity of the national trunk road network

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
		<p>trained in handling PPP transactions</p> <p>2. Optimism bias on expected revenue streams at operation with a potential of revenue streams below expectation during operation.</p> <p>3. Public view tolling as triple taxation and could result in emerging consumer protection pressure groups to oppose the venture.</p> <p>4. Need for due diligence on proposed private partners to establish their capacity to deliver as indicated.</p> <p>5. Protester action - As was noted in the political demonstrations, damage to PPP structures may result in the Authority being liable for compensating the private partner if unrest is sustained for a long period of time.</p>	<p>3. Continually monitor the respective contractor's capability to ensure that remedial action is taken immediately where a gap is noticed.</p>	
7.	Road Asset Management Risk	<p>1. Vandalism of road furniture due to availability of market for materials</p> <p>2. Overloading by transporters</p>	<p>1. Improve highway patrols through ALEHU and PBCs to deter encroachment and vandalism</p> <p>2. Create awareness among stakeholders on the need to protect road assets</p>	To secure and preserve the national truck road and Authority's assets

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Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
	<ol style="list-style-type: none"> 3. Road reserve and camp encroachment 4. Expected increase in use of electric vehicles which may result in reduction of RMLF 5. Change of law resulting in reduction of percentage of RMLF to be given to Authority for maintenance of roads. 6. Delays in RMLF releases and reductions of budgets 	<ol style="list-style-type: none"> 3. Secure road camps and highway reserves 4. Conduct Research with a view to developing alternative materials for road furniture to address the risk of vandalism. 5. Enhance budget line to cater for road reserve and camp protection to include road reserve mapping 6. Ensure road reserves are largely secured prior to award of works contracts 	
8.	<p>Budget Constraints</p> <ol style="list-style-type: none"> 1. Commencement of additional projects, straining the limited financial capacity. 2. Increasing costs of acquisition for right of way and compensations for project affected persons, affecting cash flow for works 3. Delayed Exchequer Releases 4. Unexpected budgetary cuts after approval of budgets 5. Commencement of projects with encumbrances within the project corridor resulting in increased costs 6. Delayed payments on existing IPCs causing delays in implementation and 	<ol style="list-style-type: none"> 1. Explore and exploit viable alternative sources of revenue 2. Continue to engage the National Treasury on budgetary requirements and release of resources to settle pending bills 3. Review work plan in line with budgetary reduction where applicable. 4. Undertake manageable number of projects to minimize delays in payments and accrual of interest on delayed payments 5. Enhance forward planning by ensuring right of way is secured before commencement of project 	<p>Improve on the effectiveness of the Authority's operations</p> <p>To enhance capacity to meet stakeholder expectations</p>

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Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
		<ul style="list-style-type: none"> resulting in Interest on delayed payments 7. Expected increase in use of electric vehicles which may result in reduction of RMLF 8. Change of law resulting in reduction of percentage of RMLF to be given to Authority for maintenance of roads. 9. Significant rationalization of the budget 	
9.	Geopolitical Risks	<ul style="list-style-type: none"> 1. Rising worldwide inflation and cost-of-living crisis 2. Unemployed youth who may become more susceptible to participating in protests and demonstrations; vandalizing road furniture and damaging road infrastructure. 3. Economic inequalities that are exacerbated by inflation 4. Political disputes and disagreements. 5. Inadequate stakeholder engagement 	<ul style="list-style-type: none"> 1. Increased stakeholder engagement and sensitization to create awareness on importance of protecting road infrastructure. 2. Enhancement of security by coordination with law enforcement agencies during times of unrest. 3. Stringent consequences on destruction of public property. <p>To secure and preserve the national trunk road and Authority's assets.</p>
10.	Environmental and Social risks	<ul style="list-style-type: none"> 1. Extreme weather patterns, adversely affecting roads 2. Increased stakeholder expectations 	<ul style="list-style-type: none"> 1. Ensure framework contracts are operational to facilitate timeous response to emergencies 2. Engage and respond to stakeholder expectations

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Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
	3. Need for social sustainability	3. Develop sustainability policy and strategy 4. Prepare sustainability report	

SECTION E

Material arrears in statutory/financial obligations

The Authority has a large stock of pending development bills amounting to Kshs. 88 Billion. This is made up of payment certificates and fee notes for certified development works and outstanding dues to Project Affected Persons. This resulted from inadequate GOK Development Budget allocations and delayed release of Exchequer funds to the Authority. This has led to accumulation of interest on delayed payments and other contractual claims.

SECTION F

The Authority's Financial Probity and Serious Governance issues

The Board of Directors takes overall responsibility for establishing systems of internal control and for reviewing and evaluating their effectiveness. The day-to-day responsibility for the implementation of these systems and for ongoing monitoring of risk and the effectiveness of controls rests with Senior Management.

The systems, which have been in place from inception of the Authority up to the date of approval of these financial statements include the following: -

- The Audit, Risk & Governance Committee of the Board provides oversight over the internal audit work and implementation of both internal and external audit recommendations.
- The Risk Management Committee comprising of Senior Management is responsible for ensuring that controls are in place to identify, evaluate and manage risk.
- Enterprise Risk Management Department documents risks and the responses to them, carry out risk assessments annually and report to the Risk Management Committee and the Audit, Risk & Governance Committee of the Board on effectiveness of risk management.
- Periodic reviews of performance and quality control in road construction and maintenance are carried out by the Quality Assurance Section.

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- Directorate of Internal Audit reviews the effectiveness of the financial and operational systems and controls throughout the Authority and reports to the Audit, Risk & Governance Committee.
- External Auditors comprising the Office of the Auditor General, Office of the Internal Auditor General, Kenya Roads Board and Development Partners review the Authority's financial statements and effectiveness of systems of internal controls.

The Authority's systems of internal control and corporate governance arrangements in operation during the quarter were based on the above institutional arrangements. The internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives or, in the case of financial controls, the risk of material misstatement in our financial statements.

10. Environmental and Sustainability Reporting

i) *Sustainability strategy and profile*

The Board of Directors of Kenya National Highways Authority (KeNHA) recognizes its role as the steward of the national highways network, emphasizing the importance of maintaining high-quality, safe highways to support sustainable social economic growth. KeNHA is committed to managing resources responsibly to foster a healthy and sustainable environment, aligning with the environmental regulations outlined in our customer service charter and strategic plan's objectives for environmental and social sustainability.

KeNHA's Environmental and Social Safeguards Policy reflects our core values of equity and integrity, ensuring compliance with Kenya's 2010 Constitution and the Environmental Management Coordination Act (EMCA) of 1999.

Both the Board of Directors and Management are dedicated to implementing this policy and supporting those working on our behalf to achieve Sustainable Development Goals.

KeNHA climate-proofs road infrastructure to boost resilience against climate change. Our adaptation strategies involve enhancing drainage capacity, reinforcing road structures to prevent erosion and flooding, reducing slope gradients, implementing erosion control measures, elevating road surfaces above floods levels and improving storm water management. We also prioritize resource efficiency in areas such as energy, petroleum products and water. Apart from that, we integrate environmental protection measures into our development projects while fostering social cohesion within the foot prints of the projects by partnering with different stakeholders with definite objectives of environmental protection through tree planting and growing initiatives, and road beautification programs to act as carbon sinks.

ii) *Environmental performance*

The Authority's activities, such as road design, construction, and rehabilitation, significantly affect both the physical environment and socio-economic conditions of the areas where they take place. These impacts include, but are not limited to, effects on air quality, ecology, water quality, occupational health and safety, waste generation and disposal, socio-economic factors like displacements, noise, vibration, and impacts on utilities. As part of planning, the Authority prepares Environmental and Social Impact Assessment and Resettlement Action Plans with the objectives of minimizing the environmental and social impacts associated with our projects. In the FY 2023/24 the authority prepared and submitted to the National Environment Management Authority (NEMA) 8 No. Environmental and Social Impact Assessment reports. Similarly, Resettlement Action Plans were prepared and finalized to ensure potentially affected persons and assets are adequately enumerated for eventual compensation.

To address the environmental and social impacts associated with roads construction during implementation phase, the Authority utilizes various management tools including Contractor's Environmental and Social Management Plans (CESMP), Occupational Health and Safety (OHS) Plans, Traffic Management Plans, Waste Management Plans, Biodiversity Management Plans, Stakeholder Engagement Plans (SEP), and HIV/AIDS mainstreaming strategies. These management tools are customized to the projects for ease of implementation and monitoring. The Authority

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monitors the implementation of these tools in the on-going projects through environmental and social audits, review of the submitted supervision monthly or quarterly reports and inspections of material sites and other project related facilities. In the FY 2023/2024 the Authority performed 6 No. Environmental Audits, 10 No. ESMP implementation monitoring sessions, 6 No. Social Audits and 5 No. material site inspections for road construction projects, resulting in recommendations enhancing project sustainability.

The Kenya National Highways Authority is prioritizing the enhancement of its infrastructure's resilience to climate change. The Authority employs advanced and innovative designs and selects suitable materials to improve resilience against climate-related impacts and weather stresses.

The Authority's responsibility as per Article 10 of the constitution on National Values and Governance Principles was manifested through holding 7 No. stakeholder engagements for 7 No. road projects where civic education was carried out on various aspects of the projects. Additionally, inclusivity in road projects was promoted in 3 No. projects through the creation and implementation of Grievance Redress Mechanism (GRM) and 7 No. monitoring of Grievance Redress Committee (GRC).

To minimize social risks in projects the Authority integrates HIV/AIDS and other communicable diseases services in projects and regularly monitors the implementation to ensure the objectives are achieved. During the reporting period, 5 No. projects were continuously monitored and areas of improvement communicated to the projects to ensure maximum benefits of the service to the project staff and communities within the footprints of the project.

The Authority participated in fulfilment of the Presidential Directive on tree growing through various events across the regions and headquarters in conjunction with Kenya Forest Services and other stakeholders. In the FY 2023/2024, the Authority and her partners planted 210,334 seedlings along the KeNHA road network, in gazetted forests and institutions as a contribution towards 15billion trees grown by 2032 and as climate change mitigation measures. To ensure continued supply of seedlings, KeNHA and KFS are almost through with establishment of a modern tree nursery within Ngong Road Forest block in lieu of the signed Collaborative Framework of 2021. During the reporting year, the Authority through its Framework of Collaboration with Kenya Forest Service was granted 20 acres space within Ngong Hills Forest for tree planting and growing. The 20 acres space will be maintained, and sustained by KeNHA for a period of 6 years to realize good survival rates of the planted seedlings.

iii) *Employee welfare*

The Authority has the following policies in place: The Human Resource Policy and Procedures Manual, Career Guidelines Manual, Organization Structure, Grading and Establishment Manual. The Human Resource and Procedures Manual and Internship Policy Guideline provide steps in recruitment process in the Authority. In addition, it takes into account the gender ratio as a recruitment and development requirement and implements the same alongside any new written provisions,

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guideline, directive, circular or memo from government from time to time. The stakeholder engagements are taken into account and the policies have been developed to support service delivery, commitments and obligations of the Authority to its stakeholders. As a practice, the Authority undertakes the review and improvement of the aforementioned policies as and when necessary but at least every three (3) years so as to be in harmony with legislation and organizational and technological changes.

The Authority has a staff appraisal system and is in the process of reviewing the system to align with a balance Scorecard framework for purposes of objectively addressing the several human resource decisions such as promotions, training and development, reward and sanction among others. Management often undertakes benchmarking with other state agencies with intent to improving its performance management instruments.

The Authority has an Occupational Safety and Health Policy and staff are trained on safety and health procedures, where they are encouraged to identify equipment or hazardous materials that are of concern to them. Workplaces are inspected from time to time and registered annually by the Directorate of Occupational Safety and Health (DOSHS). In this respect, the Authority has a Health and Safety Committee, which spear heads matters of Health and Safety.

The Authority has a staff medical cover, which was renewed with effect from 1st September, 2024, staff members have access to employee assistance programmers where they can access counselling services , mental health ,wellness check-ups amongst other personal related issues

The Government has introduced the implementation of Productivity Management (Measurement & Improvement) vide the performance Contracting for FY 2023/2024 to aid in productivity and performance management in the state agencies. In this regard, the Authority is in the process of developing a Productivity Matrix with the help of Commission for Salaries and Remuneration Commission (SRC).

iv) *Market place practices-*

a) & b) Responsible competition practice & Supply chain & Supplier Relations

The Authority has embraced the culture of competitiveness in procurement processes in pursuit of achievement for value for money and creation of fairness and transparency among various stakeholders. Adherence o the provisions of the Public Procurement and Asset Disposal Act, 2015 and its attendant regulations, KeNHA procurement policies and donor funded guidelines has been a key contributing factor towards promotion of competition and ensuring competitors are treated fairly.

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The Authority undertakes stakeholder and political involvement through pre-bid conferences/pre-tender site visits/capacity building to enhance effective communication.

Competition is fostered through the use standard tender and quotation documents in procurement of various goods, works and services. The Public Procurement Regulatory Authority directives and donor procurement guidelines creates a level playing ground for the competitors through issuance of the standard tender documents. To a great extent, the use of standardized and clear specifications has allowed for open competition and promotes transparency and accountability through use of Enterprise Resource Planning system. This is done through publication of all procurement processes on the Public Procurement Information Portal (PPIP), advertisement of procurement opportunities, conducting due diligence on successful suppliers/contractors and handling of complaints. The Authority undertakes timely communication of results of procurement processes through effective debriefing mechanisms. The law further allows aggrieved bidders to pursue other existing legal mechanisms to ensure that their grievances are addressed.

c) Marketing & Advertisement

The authority practices ethical marketing by committing to open, transparent, responsible and fair practices and communicates these values to the public. Further, we commit to implement our projects while upholding ethical standards to project staff, communities that benefit and those that are affected by our projects.

The Authority continuously observes the principles of:

1. **Fairness:** Establishing fairness in our decision-making, offering equitable wages, and sustainable development.
2. **Honesty:** A cornerstone of ethical marketing is honesty. The Authority, while publicizing projects and activities strive to provide factual and unexaggerated information about the functionality and impact of our activities and provide full disclosure when required to.
3. **Responsibility:** KeNHA emphasizes her responsibility by providing a well-functioning highway network at all times, support social causes, gives back to communities, treat employees with respect and protecting the environment through sustainable practices.
4. **Transparency:** We practice transparency by publishing our activities and being open to the public about our operations. Not only do we provide regular reports to relevant oversight agencies, but continuously share information through the media, publications, websites and social media accounts.

d) Product stewardship

The Authority has instigated several measures to safeguard stakeholder's interests and rights. As stewards of public funds, the Authority has taken responsibility in strengthening integrity throughout the procurement processes. Adoption of frameworks and policies that promote integrity has resulted mitigation of conflict of interest and promotion of good reputation.

KeNHA has a robust Stakeholder Engagement plan for every project to ensure that the interests and rights of stakeholders are factored into every major project. Sensitization of project affected persons on various roads has also assisted in creating awareness hence

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resulting to embracing of the same by various stakeholders. In addition, there is an established complaint handling mechanism, to ensure customers complaints are responded to within 21 Days as stipulated in our Customer Service Charter and by the Commission on Administrative Justice.

v) *Corporate Social Responsibility / Community Engagements*

Corporate Social Investment (CSI) has emerged as a pivotal facet of corporate responsibility on a global scale, and the Authority stands as a notable participant in this endeavour. KeNHA's active involvement in CSI programs holds the potential to yield substantial benefits for the Authority and the project beneficiary communities.

KeNHA's CSI projects are directly geared towards community development. These encompass a broad spectrum of endeavours, ranging from infrastructural enhancements to investments in education, healthcare, and environmental conservation among others. These initiatives have a transformative impact on the quality of life within communities situated along various transportation corridors. By enhancing infrastructure and ensuring access to essential services, KeNHA contributes to economic growth and social progress in different regions.

The CSI initiatives provide a platform for KeNHA to foster more profound relationships and partnerships with an array of stakeholders, including local communities, government entities, and non-profit organizations. Through active collaboration, KeNHA can tap into the collective wisdom and resources of its stakeholders, leading to more effective and sustainable solutions to the challenges it faces.

During the year under review, the Authority undertook various CSI activities among them provision of materials and construction of classrooms, healthcare/trauma centers, markets, digging of boreholes, and repairing of water tanks among others. These Investments largely benefited the community along the project areas. A summary of various CSIs are listed in the table below

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CSI Activities FY: FY2023-2024

No.	Region	Project Name	Describe CSR program (1) implemented in the project in this quarter
1.	North Rift	Kopasi River – Lomut – Sigor – Marich Pass	Building of two Classrooms at Adomeyon and Kamsino primary schools, Provision of construction materials for Parkino primary school gate and supply of water.
2.	North Rift	Kitale – Endeless - Suam	Construction of Kitale Market
3.	Central	Thika – Magumu	Grading of Wakimbo (soko mpya) road and soko mjinga market area
4.	Nairobi	James Gichuru - Rironi	Construction of dorm for Nairobi Construction Parking lots for KEFRI
5.	Nyanza	Chemelil-Kipsitet	Levelling of school pitch at God-Abuoro Secondary School
6.	Central	Sagana - Marua	Ground layout of special school autism unit
7.	Nyanza	Isebania-Kisii Lot 1	The Contractor in consultation with the County Government of Migori agreed to construct a modern Primary School for the area residents. The construction includes an administration block complete with a library, offices, staffroom etc and 4 No classrooms. Leveling of playgrounds almost in every school along the project area.
8.	Central	Mau Mau Road Project Lot 1A	Levelling of school playgrounds in various schools i.e., Karuro Primary School, Gatamaiyo Sec. School, Githiga Primary School, Kamahindu Secondary school etc.
9.	Central	Mau Mau Road Project Lot 1B	Refurbishing of Gachika dispensary which is currently used as Resident Engineer's Office.
10.	Central	Mau Mau Road Project Lot 2	Levelling of school ground
11.	Coast	Mombasa - Kwa Jomvu Lot 1	Improvements at Makupa police station
12.	Coast	MPARD2 Mwache-Tsunza-Mteza	2 Police Station at Tsunza

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From the above analysis, it is notable that major beneficiaries of our CSI projects are local communities along project routes. Other beneficiaries include social and governmental facilities and agencies such as law enforcement through construction and rehabilitation of police stations.

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11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the *Authority's* affairs.

i) Principal activities

The principal activities of the Entity are to manage, develop, rehabilitate and maintain national roads.

ii) Results

The results of the Entity for the year ended June 30, 2024 are set out on page 1

iii) Directors

The members of the Board of Directors who served during the year are shown on page xi to xiv. During the year Mr. Charles R. Gathogo, Ms. Brenda N. Mayabi retired from the Board of Directors on 17th November 2023, Mr. John Nyaoko Morte Mose was appointed to the Board of Directors on 14th August 2023, Eng. Kennedy Sumbeiywo, Dr. Benard Ouma Mware and Ms. Rosemary Wanjiku Thiong'o were appointed to the Board of Directors on 24th November 2023.

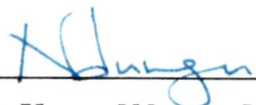
iv) Surplus remission

The Authority did not realize any distributable surplus during the year ended 30th June 2024 and hence there was no remittance to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Authority's Financial Statements in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



**Eng. Kungu Ndungu, MBS
DIRECTOR GENERAL & SECRETARY TO THE BOARD**

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12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act*), require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the *Entity* for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the *Entity*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2024, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

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Approval of the financial statements

The Authority's financial statements were approved by the Board on 27th September 2024 and signed on its behalf by:



**Ms. Winfrida W. Ngumi
CHAIRPERSON OF THE BOARD**



**Eng. Kungu Ndungu, MBS
DIRECTOR GENERAL**

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REPUBLIC OF KENYA



Enhancing Accountability

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REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL HIGHWAYS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya National Highways Authority set out on pages 1 to 71, which comprise of the statement of financial position

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, I confirm that the financial statements present fairly, in all material respects, the financial position of the Kenya National Highways Authority as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kenya Roads Act, 2007.

Basis for Qualified Opinion

Lack of Ownership Documents

The statement of financial position and as disclosed in Note 26 to the financial statements reflects an amount of Kshs.770,377,176,814 in respect of property, plant and equipment which includes a balance of Kshs.380,360,000 in respect of land assets. However, it was noted that two hundred and ninety-five (295) road camps occupied by the Authority are owned exclusively or jointly with other road agencies but are not formally vested to KeNHA.

Management explained that they were in the process of resolving land ownership issues through the parent Ministry of Roads & Transport. The land ownership of the road camps remains unresolved as at 30 June, 2024. The public land may be vulnerable to illegal alienation or illegal occupancy by illegal settlers/grabbers.

In the circumstances, fair value and completeness of assets balance of Kshs.380,360,000 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.37,164,487,904 and Kshs.28,416,026,068, respectively resulting to an under-funding of Kshs.8,748,461,836 or 24% of the budget. However, the Authority spent an amount of Kshs.31,619,414,716 against actual receipts of Kshs.28,416,026,068 resulting to an

over expenditure of Kshs.3,203,388,648 or 11% of the total receipts. The under-funding may have impacted negatively on the achievement of the planned activities and service delivery to the public.

2. Uncertainty of the Going Concern

The statement of financial position reflects current assets and current liabilities balances ratio of Kshs.38,276,606,307 and Kshs.96,542,791,100 respectively, resulting to a negative working capital of Kshs.58,266,184,793. This shows that the Authority is technically insolvent and may not meet her obligation when they fall due. Further, I draw attention to Note 37 to the financial statement which discloses a contingent liability balance of Kshs.24,574,966,099 compared to Kshs.22,136,767,733 in the previous year 2022/2023 an increase of Kshs.2,438,198,366 or 11%. Crystallization of any of the events would impact negatively and worsen the Authorities working capital status thus adversely affecting its operations.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Emphasis of Matter and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the issues remain unresolved.

Other Information

The Management is responsible for the other information set out on page iv to liv which comprise of Key Entity Information and Management, The Board of Directors, Key Management Teams, Chairperson's Statement, Report of the Director General, Statement of Performance Against Predetermined Objectives, Corporate Governance Statements, Management Discussion and Analysis, Environmental and Sustainability Reporting and Report of Directors. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Idle Funds - Dormant Bank Account

Review of the bank records revealed that the Authority has a gratuity bank account in which the 31 percent monthly gratuity provision is supposed to be deposited. The is supposed to be paid to staff whose contracts expired and new provisions are made as and whenever a contract id consummated. However, the account has remained inactive for long with an idle balance of Kshs.33,990,573. No satisfactory explanation was given why the idle funds could not be invested to earn income. Further, Management did not explain why gratuity transactions were not operated in this account.

In the circumstances, the value for money could not be ascertained for the amount set aside while the amount is vulnerable to abuse or misuse.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with 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 the 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 (Accrual 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 governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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 comply 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 Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


27 December, 2024

Kenya National Highways Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.


14. Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Development Budget Grants	6	306,554,934	472,533,624
Levies, Fines and Penalties	7	26,881,204,509	27,384,973,508
		27,187,759,443	27,857,507,132
Revenue from exchange transactions			
Rental revenue from facilities and equipment	8	5,808,750	4,381,999
Finance income - external investments	9	1,137,134,872	964,864,007
Other income	10	85,323,003	183,216,943
		1,228,266,625	1,152,462,949
Total Revenue		28,416,026,068	29,009,970,081
Expenses			
Road Maintenance and Axle Load Expenses	11	27,199,182,636	27,205,732,858
Use of goods and services	12	829,610,668	655,357,825
Employee costs	13	2,173,211,845	2,011,037,765
Board Expenses	14	34,856,211	48,005,334
Depreciation and amortization expense	15	455,390,836	400,545,025
Repairs and maintenance	16	266,808,301	216,404,657
Transfers from Development Budget Grants	6	306,554,934	472,533,624
Finance costs	17	8,229,707	5,797,849
Total expenses		31,273,845,138	31,015,414,937
Other gains/(losses)			
Gain on sale of assets	18	11,989,907	4,110,130
Profit on foreign exchange translations	19	-	5,943,216
Loss on foreign exchange transactions	20	(16,364,220)	-
Surplus before tax		(2,862,193,383)	(1,995,391,510)
Taxation	21	(341,195,265)	(330,523,550)
Surplus/(Deficit) for the year		(3,203,388,648)	(2,325,915,060)


The notes set out on pages 8 to 54 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


CPA. Chanje Kera
Deputy Director (Finance & Accounts)
 ICPAK Member No. 8279

11 DEC 2024
 Date.....


Eng. Kungu Ndungu, MBS
Director General

11 DEC 2024
 Date.....


Ms. Winfrida W. Ngumi
Chairperson of the Board


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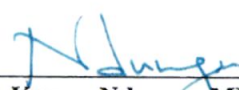
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15. Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	22	10,559,627,120	17,227,706,426
Receivables from exchange transactions	23	7,136,530,996	3,957,684,400
Receivables from non-exchange transactions	24	20,567,607,515	18,310,939,061
Inventories	25	12,840,676	12,907,787
Total Current Assets		38,276,606,307	39,509,237,674
Non-Current Assets			
Property, plant and equipment	26	770,377,176,814	726,602,109,784
Intangible assets	27	200,949,862	233,489,209
Total Non-Current Assets		770,578,126,676	726,835,598,993
Total Assets		808,854,732,983	766,344,836,667
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	28	96,442,978,289	84,073,202,210
Refundable deposits from customers	29	28,846,176	228,934,138
Provisions	30	63,544,610	69,644,939
Taxation	31	7,422,025	6,597,648
Total Current Liabilities		96,542,791,100	84,378,378,935
Non-Current Liabilities			
Long Term Liability	32	59,988,700	143,192,820
Total Non-Current Liabilities		59,988,700	143,192,820
Total Liabilities		96,602,779,800	84,521,571,755
Net assets		712,251,953,183	681,823,264,912
Reserves		698,803,092,146	665,171,015,227
Accumulated surplus		13,448,861,037	16,652,249,685
Total Net Assets and Liabilities		808,854,732,983	766,344,836,667

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:


CPA. Chanje Kera
Deputy Director (Finance & Accounts)
 ICPAK Member No. 8279


Eng. Kungu Ndungu, MBS
Director General


Ms. Winfrida W. Ngumi
Chairperson of the Board

Date: 11 DEC 2024

Date: 11 DEC 2024

Date: 11 DEC 2024

16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Retained earnings	Capital/ Development Grants/Fund	Total
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
At July 1, 2022	18,940,905,596	624,058,936,678	642,999,842,274
Deficit for the year	(2,325,915,060)	-	(2,325,915,060)
Capital/Development grants received during the year		41,112,078,549	41,112,078,549
Transfers to accumulated surplus	37,259,149	-	37,259,149
At June 30, 2023	16,652,249,685	665,171,015,227	681,823,264,912
At July 1, 2023	16,652,249,685	665,171,015,227	681,823,264,912
Deficit for the Period	(3,203,388,648)	-	(3,203,388,648)
Capital/Development grants received during the Period	-	33,632,076,919	33,632,076,919
Transfers to accumulated surplus	-	-	-
At June 30, 2024	13,448,861,037	698,803,092,146	712,251,953,183

**Kenya National Highways Authority
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17. Statement of Cash Flows for the year ended 30 June 2024

Statement of Cash Flows for the year ended 30 June 2024			
		2023-2024	2022-2023
	Notes	KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from Development Budget Grants	6	306,554,934	472,533,624
Fines, penalties and levies	7	26,881,204,509	27,384,973,508
Rental revenue	8	5,808,750	4,381,999
Finance Income	9	1,137,134,872	964,864,007
Other income	10	85,323,003	183,216,943
Profit on foreign exchange translations	19	-	5,943,216
Total receipts		28,416,026,068	29,015,913,297
Payments			
Road maintenance and axle load expenses	11	27,199,182,636	27,205,732,858
Use of goods and services	12	829,610,668	647,394,159
Employees Costs	13	2,173,211,845	2,011,037,765
Board Expenses	14	34,856,211	55,969,000
Repairs and Maintenance	16	266,808,301	216,404,657
Transfers from Development Budget Grants-recurrent expenditure	6	306,554,934	472,533,624
Finance cost	17	8,229,707	5,797,849
Loss on foreign exchange translations	20	16,364,220	-
Taxation	21	341,195,265	330,523,550
Total payments		31,176,013,787	30,945,393,462
Net cash flows from/ (used in) operating activities		(2,759,987,719)	(1,929,480,165)

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Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(44,198,061,161)	(51,608,438,193)
Proceeds from sale of property plant and equipment		12,132,550	7,562,920
(Decrease)/increase in current receivables		(5,435,515,050)	11,858,745,666
(Increase)/ Decrease in trade payables		12,170,512,494	3,730,214,032
Decrease/(increase) in inventory		67,111	(3,239,651)
Decrease/(increase) in provisions		(89,304,449)	29,962,701
Transfer to Revenue reserves		-	37,259,149
Net cash flows from/ (used in) investing activities		(37,540,168,505)	(35,947,933,376)
Cash flows from financing activities			
Proceeds from Exchequer/Development Partners		33,632,076,919	41,112,078,549
Net cash flows from financing activities		33,632,076,919	41,112,078,549
Net increase/(decrease) in cash and cash equivalents		(6,668,079,306)	3,234,665,009
Cash and cash equivalents at the beginning of the quarter		17,227,706,426	13,993,041,417
Cash and cash equivalents at end of the quarter	22	10,559,627,120	17,227,706,426

The Authority's cash flow statement is presented using the direct method

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original Annual budget	Adjustments	Final Annual budget	Actual on comparable basis	% of Utilisation	Notes
	a	b	c=a+b	d	e=d/c %	
Revenue	Kshs	Kshs	Kshs	Kshs		
Transfers from other Development Budget Grants	306,554,934	-	306,554,934	306,554,934	100	
Fines, Penalties and Levies	28,352,333,333	7,441,099,637	35,793,432,970	26,881,204,509	75	
Rental revenue	9,000,000	(3,500,000)	5,500,000	5,808,750	106	
Finance Income	950,000,000	50,000,000	1,000,000,000	1,137,134,872	114	(a)
Other Income	42,500,000	16,500,000	59,000,000	85,323,003	145	(b)
Total income	29,660,388,267	7,504,099,637	37,164,487,904	28,416,026,068	76	(c)
Expenses						
Road Maintenance and Axle Load Expenses	24,538,596,666	6,726,743,714	31,265,340,380	27,199,182,636	87	
Use of goods and services	886,962,375	131,406,838	1,018,369,213	829,610,668	81	
Employee Costs	2,379,963,767	137,200,892	2,517,164,659	2,173,211,845	86	
Board Expenses	68,644,000	(26,754,684)	41,889,316	34,856,211	83	
Transfers from other Development Budget Grants	306,554,934	-	306,554,934	306,554,934	100	

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Depreciation and amortization expense	-	-	-	455,390,836	-	
Repairs and maintenance	283,260,213	29,878,022	313,138,235	266,808,301	85	
Finance cost	7,193,400	1,591,600	8,785,000	8,229,707	94	
Gain on sale of assets				(11,989,907)		
Loss on foreign exchange transactions	-	-	-	16,364,220		
Taxation paid	-	300,000,000	300,000,000	341,195,265		
Total expenditure	28,471,175,355	7,300,066,382	35,771,241,737	31,619,414,716	88	
Deficit for the period	1,189,212,912	204,033,255	1,393,246,167	(3,203,388,648)		
Capital Expenditure	283,465,000	(28,070,394)	255,394,606	234,027,147		

Budget notes

a) Finance Income

The Authority continued to invest in call deposits and interest earned on bank account balances and endeavoured to negotiate the best rates in the market thus the favourable variance.

b) Other Income

Other income includes liquidated damages from various projects including Thika-Magumu, Marigat Bridge, Kendubay-Homabay, Katito-Kendubay and Wiyumiririe-Nyeri, Nyahururu-Wiyumiririe, Likoni-Ukunda and Wundanyi-Mwatate thus the favourable variance

c) Changes between Original and Final Budget

The changes between original and final budget were as a result of revision of the budget and the carry over budget from Financial year 2022/2023

19. Notes to the Financial Statements

1. General Information

The Authority is established by and derives its authority and accountability from Kenya Roads Act, 2007. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is the management, development, rehabilitation, and maintenance of national roads.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. *The* financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Kenya National Highways Authority
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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

**Kenya National Highways Authority
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for the year ended June 30, 2024.**

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

iii. Early adoption of standards

The entity did not adopt any new or amended standards in the financial year 2023/2024

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY was approved by the National Assembly on 28th January 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record additional appropriations following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on straight line basis at annual rates estimated to write off the cost of the Asset over expected useful lives.

The Annual depreciation rates in use are:-

Computer Equipment & Accessories	33.3%
ICT Infrastructure and Telephony	33.3%
Motor Vehicles	25%
Office Equipment and Furniture	12.5%
Office Partitioning and Fixtures	16.7%
Plant and Machinery	10%
Buildings	2.5%

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

An item of property and equipment is de-recognised upon disposal. Any gain or losses on de-recognition of the asset is included in the statement of Financial Performance in the year the asset is de-recognised.

Contractual Commitments for the acquisition of property, plant and equipment in the FY 2023/2024 amounted to Kshs {2022/2023 Kshs. 108,908,402,549}

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

The Authority expenses research costs as incurred.

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j) Contingent liabilities

The Authority 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.

k) Contingent assets

The 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains grants and surplus reserves. The grant reserves are exchequer and donor funds received from the Government and Development Partners for development of roads. The surplus reserve represents the surplus or deficit of Road maintenance contributions and other internally generated funds against road maintenance and operation expenses. The exchequer and Development partner funds are capitalized in the statement of financial position whereas Road maintenance contributions are expensed in the statement of financial performance. However, the portion of exchequer funds spent on non-capital items or project expenses is transferred to recurrent transfers and treated as recurrent government grants and expenditures accordingly.

m) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Related parties

The Authority regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Board and senior managers.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) Comparative figures

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

r) Subsequent events

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Authority.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 30. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023-2024	2022-2023
	KShs	KShs
Horn of Africa Gateway Development Projects	93,774,141	116,243,551
Kenya Transport Sector Support Project	-	19,272,745
Nuno-Modogashe	-	1,404,662
South Sudan –EARTTDFP/SS	-	7,581,881
Mombasa by-pass	6,965,725	5,211,181
Nairobi Western bypass	13,920	831,100
Consultancy & Design	-	2,468,199
Road Reserve Mapping	41,791,178	21,223,255
Kiminini Town Service	2,310,400	7,529,191
Monitoring & Evaluation*	29,002,940	48,452,285
Dualling of Mombasa-Mariakani	4,741,765	17,240,736
Garissa-Isiolo	910,100	5,207,900
Isebania-Mukuyu-Kisii-Ahero	15,536,394	6,379,345
Kibwezi-Kitui-Isiolo		129,400
Eldoret by-pass	2,749,700	7,060,596
Kitale-Endebbes-Suam	1,300,600	4,340,025
Garsen-Witu-Lamu	123,090	7,794,940
Thika-Kenol-Marwa-Nyeri*	4,181,000	28,449,392
Nairobi-Nakuru*	-	2,266,189
Nakuru-Mau Summit	42,000	6,544,800
Mombasa-Malindi*	22,356,290	15,519,961
Naivasha-Njabini	-	790,600
Aberdare Forest-Njoguini-Kingongo-Kiganjo	1,767,200	4,526,412
Thika-Magumu	3,954,647	5,324,000
Nairobi Expressway	-	7,532,550

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Lamu-Ijara-Garissa	-	12,448,421
Likoni Floating Bridge	97,200	554,785
Kisumu-Chemilil-Mamboleo*	3,948,820	9,095,331
MPARD PKG 2-Mwache Jct-Mteza	-	2,158,170
Marsabit-North Horr	281,800	9,800
Tot Junction-Chesegon-Kopasi River	1,446,100	-
Kericho Northern Bypass	7,652,515	-
Mau Mau Roads	8,330,701	5,735,599
Kitale-Morpus	-	3,001,165
Shegel-Maikona	-	2,599,569
Barpelo-Tot -Marich pass	7,589,200	7,174,750
Kainuk Bridge	9,194,938	1,418,999
Wikililye-Kathukini-Kwa Muli-Mbumbuni	2,253,700	1,666,697
Mombasa Gate Bridge	6,632,720	10,390,525
Njabini-Kinyona	-	1,000,000
Isinya-Konza	-	1,835,100
AccessRoad Mombasa SEZ	903,505	4,507,594
Dualling of Meru town roads	-	389,600
Dualling of Eldoret town roads	3,968,460	13,711,050
Isiolo-Modogashe	-	1,581,634
Makupa Causeway Bridge	-	6,122,857
Loruk-Barpelo	-	3,787,900
Posta(Naibor)-Kisima-Maralal	-	5,349,026
Changamwe-Magongo-Miritini	-	3,337,920
Rumuruti - Mararal	-	1,522,700
North Horr - Durathe AP Camp	-	1,556,600
Other Development Projects	21,734,185	22,252,936
Total Transfers from Development Budget Grants-Recurrent Revenue/Expenditure	306,554,934	472,533,624

This is the recurrent component of development project expenses.

**Kenya National Highways Authority
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Notes to the Financial Statements (Continued)

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount recognised in capital fund.	Total grant income during the year	2022-2023
	KShs	KShs	KShs	KShs
MOR&T	306,554,934	8,340,218,393	8,646,773,327	14,568,491,327
KRB	25,578,092,960	2,100,000,000	27,678,092,960	28,178,268,796
Total	25,884,647,894	10,440,218,393	36,324,866,287	42,746,760,123

7. Levies, Fines and Penalties

Description	2023-2024	2022-2023
	KShs	KShs
Road Maintenance funds	21,553,346,560	22,873,525,596
Administration & Operations Fund	2,848,746,400	2,665,743,200
Transit Toll	1,176,000,000	539,000,000
Overload charges	685,883,035	763,882,793
Transgression charges	31,000	394,932
Weighbridge Parking fees	574,836	3,471,334
Road Cutting charges*	117,938,090	53,841,249
Road Reserve user fees	99,248,284	98,384,986
Exemption permit fees	399,436,304	386,728,418
Sale of Tender Documents	-	1,000
Total Levies Fines & Penalties	26,881,204,509	27,384,973,508

**The increase in road cutting charges by 125% was as a result of forfeiture of road cutting deposits on road cutting works which had not been reinstated to their original form as per contractual terms.*

8. Rental Revenue from Facilities & Equipment

Description	2023-2024	2022-2023
	KShs	KShs
Staff Houses & Canteen at Barabara Plaza	5,808,750	4,381,999
Total rentals	5,808,750	4,381,999

This is revenue from the Authority's houses occupied by its staff in South Rift and North Rift Regions & Staff Canteen at Barabara Plaza.

**Kenya National Highways Authority
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Notes to the Financial Statements (Continued)

9. Finance Income

Description	2023-2024	2022-2023
	KShs	KShs
Interest on Call deposits	892,849,942	548,952,226
Interest on Bank Balances on transactional accounts	244,284,930	415,911,781
Total finance income – external investments	1,137,134,872	964,864,007

10. Other Income

Description	2023-2024	2022-2023
	KShs	KShs
Liquidated damages	77,664,696	179,055,822
Insurance compensation & sale of disposable items.	7,622,730	4,126,851
Interest on salary advance	35,577	34,270
Total other income	85,323,003	183,216,943

The Authority pursued and recovered the cost of damages from insurance companies which had insured motor vehicles which damaged its road furniture.

11. Road Maintenance & Axle Load Expenses

Description	2023-2024	2022-2023
	KShs	KShs
Road maintenance expenses	24,276,890,668	24,113,192,709
Emergency Road Works	335,589,612	388,087,240
Weighbridges Management Contracts	2,425,085,058	2,635,571,850
Weighbridge Operational Expenses	85,212,073	42,877,464
Research & Innovation	76,405,225	26,003,595
Total Road Maintenance & Axle Load Expenses	27,199,182,636	27,205,732,858

**Kenya National Highways Authority
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Notes to the Financial Statements (Continued)

12. Use of Goods and Services

Description	2023-2024	2022-2023
	KShs	KShs
Electricity	18,247,755	13,870,396
Water	1,250,857	1,215,615
Security costs	61,417,822	55,797,208
Advertising	52,948,338	41,549,379
Audit fees	3,600,000	3,600,000
Conferences and delegations	114,113,443	108,302,838
Consulting fees	78,344,854	49,024,711
Stationery & Consumables	28,343,944	22,747,435
Insurance	1,228,829	3,478,657
Legal expenses	44,919,400	20,600,460
Postage	3,206,131	3,056,380
Printing and photocopying	2,094,376	1,163,978
Hire charges	111,990	64,152
Telecommunication	14,239,909	18,667,653
Cleaning & Sanitation	22,848,811	20,154,495
Other Official Functions	6,169,314	7,963,666
Departmental Field Activities	360,261,944	265,874,606
Anti- Corruption and Integrity Issues	4,587,200	4,552,700
Staff Uniforms	-	1,704,000
Board of Survey	4,805,460	5,166,100
Reference material	400,727	569,036
Kitchen Utensils	325,349	387,864
Newspapers and Magazines	3,143,839	2,513,420
Drinking Water	3,000,376	3,333,076
Total Use of Goods and Services	829,610,668	655,357,825

13. Employee Costs

	2023-2024	2022-2023
	KShs	KShs
Salaries and wages	1,568,884,674	1,459,047,627
Employer contribution to pension schemes	172,014,977	167,957,196
Employer contribution to health insurance schemes	155,510,607	130,992,905
Travel, accommodation, subsistence & other allowances	75,220,054	63,256,310
Training and Subscription	157,542,047	150,829,867
Staff Welfare	40,916,907	36,945,794
Recruitment	3,122,579	2,008,066
Total Employee costs	2,173,211,845	2,011,037,765

**Kenya National Highways Authority
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Notes to the Financial Statements (Continued)

14. Board Expenses

Description	2023-2024	2022-2023
	KShs	KShs
Chairman's Honoraria	960,000	960,000
Sitting Allowances	5,540,000	5,051,000
Transport, Travelling & Accommodation	9,082,271	12,686,509
Medical Insurance	468,562	466,304
Induction and Training	4,502,397	14,787,554
Field Trip	1,308,100	1,223,887
Refreshments	829,565	1,239,764
Lunch Allowance	192,000	275,000
Telephone	84,000	84,000
Total Board Expenses	22,966,895	36,774,018
Director General's Compensation	9,885,600	9,320,600
Director General's Gratuity	2,003,716	1,910,716
Total Director General's Expenses	11,889,316	11,231,316
Total Board & Director General's Expenses	34,856,211	48,005,334

15. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	KShs	KShs
Property, Plant and Equipment		
Office Equipment	9,568,084	13,580,115
Office Partitions and Fixtures	2,323,557	2,143,750
Computer Equipment and Accessories	26,574,179	22,900,424
ICT Infrastructure and Accessories	15,182,698	5,068,332
Furniture and Fittings	6,409,327	5,185,261
Motor Vehicles	96,436,979	101,605,708
Plant and Machinery	248,685,040	244,632,210
Buildings	5,521,625	5,429,225
Intangible Assets-Obsolete Software	44,689,347	-
Total depreciation and amortization	455,390,836	400,545,025

**Kenya National Highways Authority
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Notes to the Financial Statements (Continued)

16. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Equipment and Machinery	11,181,080	16,580,635
Vehicles	187,284,640	147,035,607
Furniture and Fittings	602,342	802,966
Computers and Accessories	2,251,133	6,321,828
Others (Software support & licence subscriptions)	65,489,106	45,663,621
Total Repairs and Maintenance	266,808,301	216,404,657

17. Finance Costs

Description	2023-2024	2022-2023
	KShs	KShs
Bank charges	8,229,707	5,797,849
Total finance costs	8,229,707	5,797,849

18. Gain on Sale of Assets

Description	2023-2024	2022-2023
	KShs	KShs
Property, plant and equipment	11,989,907	4,110,130
Total gain on sale of assets	11,989,907	4,110,130

19. Profit on foreign currency translation

Description	2023-2024	2022-2023
	KShs	KShs
Profit on foreign currency translation	-	5,943,216
Total profit on foreign currency translation	-	5,943,216

**Profit on foreign exchange translation relate to foreign exchange translation on our USD account domiciled at NCBA Bank.*

20. Loss on Foreign Currency Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Loss on foreign currency transactions*	(16,364,220)	-
Total loss on foreign currency transactions	(16,364,220)	-

** Loss on foreign exchange transactions relate to foreign exchange transactions on our USD account domiciled at NCBA Bank.*

**Kenya National Highways Authority
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Notes to the Financial Statements (Continued)

21. Taxation

Description	2023-2024	2022-2023
	Kshs	Kshs
Tax charged on interest income, Staff Houses & Canteen	341,195,265	330,523,550
Income tax expense reported in the statement of financial performance	341,195,265	330,523,550

Increase in tax provisions resulted from growth in interest on call deposits, growth in rental income for staff and Barabara canteen.

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Notes to the Financial Statements (Continued)

22. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Accounts (transactional bank accounts)	5,056,608,523	11,926,680,168
On - Call Deposits	5,500,000,000	5,300,000,000
Others (Cash in Hand)	913,500	869,688
Cash in Transit	2,105,097	156,570
Total Cash and Cash Equivalents	10,559,627,120	17,227,706,426

22. Detailed Analysis of the Cash and Cash Equivalents

Description		2023-2024	2022-2023
Financial institution	Account number	KShs	KShs
a) Current account			
NCBA Bank -USD A/C	1001936677	21,043	37,072,387
NCBA Bank-HOAGDP	1005164164	-	1,087,938,126
NBK-Mombasa- Mariakani	7716661590	572,642,037	688,054,340
Co-operative Bank-GoK	01141160979900	1,861,925,707	3,613,156,401
Co-operative Bank-RMLF	01141160979901	247,211	4,244,290,419
National Bank – Salaries A/C	7700009945	70,266,919	14,013,700
National Bank – Gratuity A/C	7700009988	33,990,573	33,934,817
National Bank – Retention A/C	7700009961	558,167,353	561,158,483
National Bank – EARTTDF- A/C	7700009953	4,450,720	98,510,924
National Bank-Sirari Corridor	01001133511500	402,630	403,830
KCB Bank-Operations A/C	1110623704	162,671,307	419,833,806
KCB Bank-JKIA	1274695775	479,178	484,165
KCB-HOAGDP	1325804142	1,076,795,279	-
KCB Bank-Nairobi Region	1114840149	7,523,047	181,909,663
KCB Bank-Coast Region	1114772089	27,495,359	62,317,492
KCB Bank-South Rift Region	1114781592	11,993,657	34,741,667
KCB Bank-North Eastern Region	1114751928	24,092,437	16,205,559
KCB Bank- North Rift Region	1114793272	12,870,812	21,596,724
KCB Bank-Central Region	1114745707	25,458,863	43,859,674
KCB Bank-Upper Eastern Region	1114752045	25,875,612	40,071,095
KCB Bank- Lower Eastern Region	1114756326	29,893,983	42,452,350
KCB Bank-Nyanza Region	1114756229	15,658,762	54,192,024
KCB Bank-Western Region	1114774405	22,228,737	35,551,510
Equity Bank-Headquarters A/C	0810295139897	511,457,297	594,931,012
Sub- total		5,056,608,523	11,926,680,168

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Notes to the Financial Statements (Continued)

22. Detailed Analysis of the Cash and Cash Equivalents (Continued)

Description		2023-2024	2022-2023
Financial institution	Account number	KShs	KShs
b) On - call deposits			
KCB Bank	Call Deposit	-	2,000,000,000
Co-operative Bank	01150160979929	2,000,000,000	1,500,000,000
Family Bank	Call Deposit	500,000,000	-
Stanbic Bank	Call Deposit	1,000,000,000	-
National Bank	Call Deposit	1,500,000,000	-
Housing Finance	Call Deposit	500,000,000	300,000,000
Equity Bank	0810379852427	-	1,500,000,000
Sub- total		5,500,000,000	5,300,000,000
c) Others(specify)			
cash in hand		913,500	869,688
Cash in Transit		2,105,097	156,570
Sub- total		3,018,597	1,026,258
Grand total		10,559,627,120	17,227,706,426

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23. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2023-2024	2022-2023
	KShs	KShs
Current receivables		
Interest receivable on call deposits	39,227,662	35,700,582
Travel Imprest	27,767,805	25,634,048
Bank guarantee and Deposits	21,761,300	14,761,300
Staff Mortgage deposit fund with Housing Finance Company of Kenya	846,430,553	675,613,821
Road Maintenance Funds	5,114,929,418	3,157,174,004
Exchequer Funds	1,000,000,000	-
Debtors and Prepayments	38,265,183	34,929,355
Receivable from Kenya Rural Roads Authority	21,857,693	7,617,789
Receivable from Kenya Urban Roads Authority	12,042,608	6,253,501
Paul Caffé	926,348	-
Receivable from The National Treasury (Weighbridge Income)	13,322,426	-
Sub Total	7,136,530,996	3,957,684,400
Funds held at Kenya Deposit Insurance Corporation	24,250,000	24,250,000
Less: Specific Provision for KDIC*	(24,250,000)	(24,250,000)
Total current receivables	7,136,530,996	3,957,684,400

(b) Ageing analysis for Receivables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	7,136,530,996	100%	3,957,684,400	100%
Total	7,136,530,996	100%	3,957,684,400	100%

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Notes to the Financial Statements (Continued)

24. Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Current receivables		
Other debtors (non-exchange transactions)		
a. Development projects		
Dualling of Magongo	99,048,633	99,048,633
Posta (Naibor)-Maralal	23,388,096	23,388,096
Kitale-Endebes-Suam	-	74,030,038
Kitale-Morpus	1,603,015,010	-
Kotulo-Elwak	-	4,001,405
Mombasa-Kwa Jomvu	8,455,066	8,455,066
Kainuk bridge & Approach Roads	524,368	524,368
Nyaru-Iten(C53)	-	10,409,057
Isebania-Kisii-Ahero	123,371,434	123,371,434
Athi River -Machakos Turn Off	15,516,891	15,516,891
Loichangamatak-Lokichar	57,064,758	57,064,758
Kopasi - Marich Pass Lot 3	353,508,170	353,508,170
James Gichuru-Rironi	174,672,682	163,321,765
Barpelo - Tot Lot 1	273,222,918	110,000,000
Barpelo - Tot Lot 2	327,545,817	314,301,740
Uplands-Githunguri-Ngewa- (C65)	122,899,801	122,899,801
Thika-Magumu	-	113,415,494
Njabini-Kinyona	-	263,863,028
Nairobi Expressway	38,667,280	38,667,280
Installation &Relocation Expressway	12,677,610	13,895,511
Kericho & Ahero Interchange	70,705,506	70,705,506
Eldoret - Lokichar - Nakodok	68,321,824	68,321,824
Sagana-Marua	107,709,525	270,527,028
Mau Mau Lot 1A	275,431,961	312,640,836
Mau Mau Lot 3	368,024,812	393,125,726
Mau Mau Roads Lot 1B	373,181,427	373,181,427
Mau Mau Lot 2	530,398,605	560,266,534
Kwa Jomvu - Mariakani Lot 2 (A109)	2,134,426,967	2,154,253,315

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Notes to the Financial Statements (Continued)

24.Receivables from Non-Exchange Transactions (Continued)

a. Development projects (Continued)		
Wikililye-Kavisuni	104,154,705	69,214,724
Marsabit - Shegel	222,757,519	222,757,519
Shegel - Maikona	586,620,300	586,620,300
Ugunja - Ukwala - Ruambwa (Steel Bridges)	35,880,427	35,880,427
Makupa Causeway Bridge	62,221,651	62,221,651
Access Road To Sez Dongo Kundu	73,973,910	73,973,910
Mombasa - Mtwapa	585,332,008	585,332,008
Mtwapa - Kilifi	199,618,411	427,172,610
Mamboleo - Miwani Lot 1	230,489,800	230,489,800
Miwani - Mamboleo Lot 2	354,588,675	354,588,675
Chemilil - Muhoroni Lot 3	524,351,571	418,804,941
Kwale - Kinango	104,873,600	104,873,600
Kenyatta Road	164,224,531	164,224,531
Kambu River Bridge	67,022,452	62,500,000
Dhogoye Bridge	63,616,797	35,000,000
Garissa-Isiolo	1,890,730,121	1,890,730,121
Isiolo - Kula Mawe	772,922,923	1,058,013,751
Kula Mawe - Modogashe	1,166,467,592	1,499,365,508
Kisumu Boys - Mamboleo	94,437,442	94,437,442
Mombasa Gate Bridge	938,214,013	938,214,013
Upgrade of Lamu-Ijara-Garissa Road (A10)	1,019,688,207	1,083,227,122
Tarbaj-Kotulo	905,090,666	-
Wajir-Tarbaj	903,395,556	-
Social Economic Infrastructure Projects	343,377,636	-
Kinyona Gatura	221,728,229	-
Mau Mau Lot 2B	119,766,331	-
Sub Total for Development Projects	18,917,324,234	16,110,347,384
b. Road Maintenance Projects		
Mtito Andei –Tsavo River A8 Road	10,214,060	55,788,285
PBC Iten-Kabarnet Rd	-	11,419,738
PBC Mtce of Madogo - Cheredende (B89)	-	10,021,441
PBC Emining Marigat	1,663,856	6,016,015
Garsen-Mnazini	-	46,665,379
PBC Ugunja-Ukwala-Ruambwa	-	40,798,314
Bura-Hola	3,655,679	19,669,365
Mau Summit-NyahururuInterchange	1,364,261	21,000,000
PBC Kendu Bay-Homa Bay	3,433,701	9,027,727
PBC Eldama Ravine-Kamwasor	14,601,981	27,627,836
PBC Bangaley-Madogo	15,000,000	15,000,000
PBC Kisumu Bypass	-	2,832,685

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Notes to the Financial Statements (Continued)

24.Receivables from Non-Exchange Transactions (Continued)

b. Road Maintenance Projects (Continued)		
PBC Maili Tisa - Kitale	-	15,171,906
PBC Sultan Hamud Makindu	24,712,781	24,712,781
PBC Ngata Njoro	-	12,579,321
PBC Katitio-Kendu Bay Road	-	9,420,129
PBC maint Athi River-Basil Streetlightn	38,564,660	6,395,153
PBC Maint of Malkis-Marsabit A2 Road	-	9,319,319
Adv-Maint of Namwela-kamukuywa RD (B140)	-	22,428,359
Advance-Narok-Ngoswani	-	11,436,043
Advance-PBC Maint of Busia- Malaba Road	-	16,324,429
PBC Meru-Mikinduri-Maua-Kangeta B102Road	-	44,873,208
PBC maint of Timboroa-Mau Summit A18 RD	10,931,160	10,931,160
PBC Maintenance of Ebuyangu-Ekero RD	-	23,406
PBC Maint of Athi River-Bisil Road	12,504,795	12,504,795
PBC Mtce of Bondo-Usenge-Osieko RD	-	27,059,574
Tsavo River-Voi A8 Road	16,898,274	72,686,559
PBC For Maint Thika-Kilimambogo Road	-	9,901,625
PBC Maint of Kiambu- Ngewa-Thuita Road	1,712,967	6,074,290
PBC Mai Mahiu Duka Moja(B7)	4,734,025	26,667,750
PBC Lewa-Meru Rd	-	18,710,499
Adv-Maint. Of Mariakani-Mavuani	29,438,761	29,438,761
PBC Luanda kotieno Bondo	21,153,043	38,772,101
PBC Keroka-Nyangusu(B5)	-	10,237,048
PBC Garsen- Hola	29,920,671	29,920,671
PBC Kakamega Webuye	-	3,845,584
PBC Nanyuki- Lewa	7,382,860	24,571,164
PBC Mbwekas - Mayoni - Ekero (B12) Road	-	1,941,935
PBC for Mtce Nakuru - Emining	5,478,286	5,478,286
PBC for Mtce of Busia - Unguja (A12) Rd	-	36,341,772
PBC Kenol-Muranga Road	1,507,112	1,507,112
PBC Bomas-Kiserian	-	15,517,241
PBC Outering JN Kangundo-Kamulu	40,942,226	58,333,395
Adv. Pedestrian F/B-Athi River-Museum Hill	128,087,725	128,087,725
PBC Nairobi-Thika (Ruiru-Thika) Road	-	32,902,311
PBC Iseneti-Loitokitok	11,026,822	19,791,757

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Notes to the Financial Statements (Continued)

24.Receivables from Non-Exchange Transactions (Continued)

b. Road Maintenance Projects (Continued)		
PBC Malaba-Webuye	5,892,036	19,482,417
PBC Cheptongei Chebiemit	10,000,000	10,000,000
PBC Kyumvi-Sultan Hamud	21,946,067	31,011,368
Adv. Maint. Ruiru- Tatu City-Kiambu Rd	43,197,920	50,685,481
PBC Madogo-Modika	5,136,079	21,488,895
PBC Bachuma Gate- Maji ya Chumvi	13,352,678	18,211,504
PBC Street Lighting Nairobi Thika Superhighway	8,541,763	39,321,018
PBC Ngeria-Timboroa A8	-	9,519,718
PBC Narok-Kisiriri	-	20,325,366
PBC Bisil Namanga	29,439,297	44,331,585
Adv. Magumu-Njabini	17,643,809	43,838,469
PBC Muthaiga-Kiambu(B32) Rd	4,298,168	32,465,111
PBC Kakamega-Kiboswa	-	9,332,585
PBC Kisian-Bondo	12,915,755	26,281,282
PBC Kaplong-Kisii	35,778,138	87,590,403
PBC Kanyonyo- Mwingi	-	12,635,688
Adv. James Gichuru-Nairobi Southern Bypass	68,518,583	119,027,145
PBC Ahero- Kericho	1,125,210	17,053,639
PBC Kiboswa-Kakamega	15,000,000	15,000,000
PBC Wundanyi-Mwatate	-	7,683,504
Adv. Kiriani-Mugeka	37,504,720	59,875,319
PBC Ukasi-Banghaley A3 Rd	42,896,423	189,095,297
PBC Maint & Safety Chiakariga-Mitunguu	28,792,347	28,792,347
Nairobi Southern Bypass- Athi River Interchange	97,237,155	186,782,367
PBC Nairobi Thika (Nairobi-Ruiru)	733,923	40,987,215
Greenpark Pedestrian Safety Underpass Along James Gichuru	201,711,606	-
Kitui - Mutomo	6,189,380	-
B13-Malakisi Bridge	32,278,977	-
B67-Lukenya-Joska-Kavilila(B67)	38,755,851	-
A2-FootBridge - Juja Highpoint	48,626,075	-
Voi -Bachuma Gate	17,045,704	-
Southern Bypass Streetlighting	37,708,018	-
Awasi - Nandi Hills	34,950,384	-
Ndenderu-Kamandura	13,165,412	-
Road Safety - Ngata Section	92,218,609	-
Kadongo-Nyamira-Siamani	15,286,180	-
A3-Tana River Bridge -Garissa Town	177,467,308	-
Sub Total for Road Maintenance Projects	1,650,283,281	2,200,591,677
Total current receivables from non-exchange transactions	20,567,607,515	18,310,939,061

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Notes to the Financial Statements (Continued)

25. Inventories

Description	2023-2024	2022-2023
	KShs	KShs
Headquarters	10,839,160	10,949,507
Nairobi Region	224,014	263,603
Coast Region	128,032	125,638
Lower Eastern Region	249,434	221,477
Upper Eastern Region	260,447	373,701
North Eastern Region	174,613	225,183
South Rift Region	104,775	47,927
North Rift Region	283,401	150,592
Central Region	214,135	24,548
Western Region	232,639	120,121
Nyanza Region	130,026	405,490
Total inventories at the lower of cost and net realizable value	12,840,676	12,907,787

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Notes to the Financial Statements (Continued)

26. Property, Plant and Equipment

	*Road Assets	Office Equipment	Office Partitions	Computer Equipment & Accessories	ICT Infrastructure	Furniture & Fittings	Motor Vehicles	Plant & Machinery	Land	Buildings	Total
Cost	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs		KShs	KShs
At 1 July 2022	672,684,695,444	131,927,118	34,640,147	269,494,597	117,863,825	77,779,741	662,937,780	2,570,914,802	208,360,000	309,020,341	677,067,633,795
Additions	51,428,120,103	13,149,502	193,133	24,158,087	25,708,243	10,051,832	69,660,002		60,000,000	6,500,000	51,637,540,902
Disposals	-	(492,442)	-	(2,694,744)	-	(1,126,295)	(26194,867)	(12,555,600)	-	-	(43,063,948)
Transfers/adjustments	-	-	-	-	-	-	-	(79,441,482)	-	-	(204,542,036)
At 30th June 2023	724,112,815,547	144,584,178	34,833,280	290,957,940	143,572,068	86,705,278	706,402,915	2,478,917,720	268,360,000	315,520,341	728,582,669,267
At 1 July 2023	724,112,815,547	144,584,178	34,833,280	290,957,940	143,572,068	86,705,278	706,402,915	2,478,917,720	268,360,000	315,520,341	728,582,669,267
Additions	43,753,032,427	16,980,835	6,404,852	60,730,778	57,116,988	12,919,155	58,428,926	59,624,208	112,000,000	48,672,993	44,185,911,162
Disposals	-	(808,940)	-	(1,808,892)	-	(1,501,900)	(78,593,282)	-	-	-	(82,713,014)
At 30th June 2024	767,865,847,974	160,756,073	41,238,132	349,879,826	200,689,056	98,122,533	686,238,559	2,538,541,928	380,360,000	364,193,334	772,685,867,415
Depreciation and impairment											
At 1 July 2022	-	94,032,212	24,933,687	232,919,045	111,727,635	55,118,577	396,748,179	675,807,387	-	28,338,894	1,619,625,616
Depreciation	-	13,580,115	2,143,750	22,900,424	5,068,332	5,185,261	101,605,708	244,632,210	-	5,429,225	400,545,025
On Disposals	-	(492,442)	-	(2,694,744)	-	(1,126,295)	(26,194,867)	(9,102,810)	-	-	(39,611,138)
Impairment	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2023	-	107,119,885	27,077,437	253,124,725	116,795,967	59,177,543	472,159,020	911,336,787	-	33,768,119	1,980,559,483
At 1 July 2023	-	107,119,885	27,077,437	253,124,725	116,795,967	59,177,543	472,159,020	911,336,787	-	33,768,119	1,980,559,483
Depreciation	-	9,568,084	2,323,557	26,574,179	15,182,698	6,409,327	96,436,979	248,685,040	-	5,521,625	410,701,489
On Disposals	-	(715,819)	-	(1,808,892)	-	(1,452,378)	(78,593,282)	-	-	-	(82,570,371)
Impairment	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2024	-	115,972,150	29,400,994	277,890,012	131,978,665	64,134,492	490,002,717	1,160,021,827	-	39,289,744	2,308,690,601
Net book values											
At 30th June 2023	724,112,815,547	37,464,293	7,755,843	37,833,215	26,776,101	27,527,735	234,243,895	1,567,580,933	268,360,000	281,752,222	726,602,109,784
At 30th June 2024	767,865,847,974	44,783,923	11,837,138	71,989,814	68,710,391	33,988,041	196,235,842	1,378,520,101	380,360,000	324,903,590	770,377,176,814

**Property, Plant and Equipment does not include the value of Investments in the Road Asset (Road Corridor and its reserves, road furniture and structures and road camps) prior to the Vesting order of 2011*

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26 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	380,360,000	-	380,360,000
Buildings	364,193,334	39,289,744	324,903,590
Plant and Machinery	2,538,541,928	1,160,021,827	1,378,520,101
Motor Vehicles, Including Motorcycles	686,238,559	490,002,717	196,235,842
Computers and Related Equipment	550,568,882	409,868,677	140,700,205
Office Equipment, Furniture, and Fittings	300,116,738	209,507,636	90,609,102
Total	4,820,019,441	2,308,690,601	2,511,328,840

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	52,085,056	10%
Motor Vehicles including Motorcycles	274,698,399	25%
Computers and Related Equipment	242,107,487	33.3%
ICT & Telephony	117,841,225	33.3%
Office Equipment	87,615,824	12.5%
Furniture & Fitting	41,991,902	12.5%
Office Partitions	22,515,542	16.7%
Total	838,855,435	

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Notes to the Financial Statements (Continued)

27. Intangible Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At beginning of the year	233,489,209	183,150,435
Additions		
ERP based on MS Dynamics		43,834,293
Supply, Implementation of NAC System		6,504,481
Supply, Installation & configuration of Security Information and Event Management System	12,150,000	-
At end of the year	245,639,209	233,489,209
Amortization and impairment		
At beginning of the year		
Amortization	(44,689,347)	-
At end of the year		
Impairment loss		
At end of the year		
NBV	200,949,862	233,489,209

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Notes to the Financial Statements (Continued)

28. Trade and Other Payables

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade payables				
Development Payables	87,924,337,416		78,067,745,313	
Retention Payables	4,982,917,355		5,801,402,967	
Road Maintenance Payables	3,406,539,455		113,945,165	
Sundry Payables	129,184,063		90,108,765	
Total trade and other payables	96,442,978,289		84,073,202,210	
Ageing analysis: (Trade and other payables)	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	11,797,464,086	12%	15,932,825,850	19%
1-2 years	84,645,514,203	88%	68,140,376,360	81%
Total	96,442,978,289	100%	84,073,202,210	100%

29. Refundable Deposits and Prepayments from Customers

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Customer deposits				
Nairobi Region	1,867,363		75,767,605	
Central Region	3,383,904		24,411,357	
South Rift Region	1,139,270		13,677,992	
Lower Eastern Region	1,157,850		18,081,259	
Nyanza Region	4,894,531		32,589,729	
Coast Region	3,926,554		17,143,398	
Upper Eastern Region	8,242,742		23,912,886	
Western Region	1,840,400		9,768,220	
North Rift Region	608,562		9,571,254	
North Eastern Region	345,000		2,448,700	
Headquarters	1,440,000		1,561,738	
Total deposits	28,846,176		228,934,138	
Ageing analysis: (Refundable deposits)	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	28,846,176	100%	228,934,138	100%
Total	28,846,176	100%	228,934,138	100%

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30. Current Provisions

Description	Leave provision	Audit fees provision	Total
	KShs	KShs	KShs
Balance b/d (1.07.2023)	62,444,939	7,200,000	69,644,939
Additional Provisions	-	3,600,000	3,600,000
Provision utilised	(6,100,329)	(3,600,000)	(9,700,329)
Total provisions as at 30.06.2024	56,344,610	7,200,000	63,544,610

31. Taxation

	2023-2024	2022-2023
	Kshs	Kshs
Gross Interest Income Earned	1,132,080,201	961,424,466
Less: Expenses: Bank Charges	(8,229,707)	(5,797,849)
Net Taxable Interest Income	1,123,850,494	955,626,617
Corporate Tax charge for the year (30%)	337,155,148	286,687,985
Corporate Tax from other Incomes	4,040,117	1,561,286
Total Tax charge for FY 2023/2024	341,195,265	288,249,271
Prior Period Assessments	-	42,274,279
Total Corporation Tax	341,195,265	330,523,550
At beginning of the year	6,597,648	217,457,784
Total Corporate Tax Payable	347,792,913	547,981,334
Prior Year Tax Payment	-	(259,732,102)
W/Tax paid by Bank for FY 2023-2024	(169,812,030)	(144,213,670)
W/Tax paid FY 2023-2024	(170,558,858)	(137,437,914)
At end of the year	7,422,025	6,597,648

32. Long Term Liability

Description	Gratuity provision
	KShs
Balance b/d (1.07.2023)	143,192,820
Additional Provisions	41,998,180
Provision utilised	(125,202,300)
Total provisions as at 30.06.2024	59,988,700

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33. Cash Generated from Operations

	2023-2024	2022-2023
	Kshs	Kshs
Surplus (Deficit) for the year before tax	(3,203,388,648)	(2,325,915,060)
Adjusted for:		
Depreciation	455,390,836	400,545,025
Gains and losses on disposal of assets	(11,989,907)	(4,110,130)
Working capital adjustments		
Increase in Long Term Receivables		-
Increase/Decrease in inventory	67,111	(3,239,651)
Increase/Decrease in receivables	(5,435,515,050)	11,858,745,666
Decrease in Trade and other payables	12,170,512,494	3,730,214,032
Increase in payments received in advance	(89,304,449)	29,962,701
Transfer to revenue reserves	-	37,259,149
Net cash flow from operating activities	3,885,772,387	13,723,461,732

34. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or

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Notes to the Financial Statements (Continued)

35. Financial Risk Management (Continued)

external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2024				
Receivables from exchange transactions	7,136,530,996	7,112,280,996	24,250,000	-
Receivables from non-exchange transactions	20,567,607,515	20,567,607,515	-	-
Bank balances	10,559,627,120	10,559,627,120	-	-
Total	38,263,765,631	38,239,515,631	24,250,000	-
As at 30 June 2023				
Receivables from exchange transactions	3,933,434,400	3,909,184,400	24,250,000	-
Receivables from non-exchange transactions	18,310,939,061	18,310,939,061	-	-
Bank balances	17,227,706,426	17,227,706,426	-	-
Total	39,472,079,887	39,447,829,887	24,250,000	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant

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Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

concentration of credit risk on amounts due from related parties. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2024				
Trade payables	129,184,063	8,389,456,810	87,924,337,416	96,442,978,289
Provisions	-	-	123,533,310	123,533,310
Total	129,184,063	8,389,456,810	88,047,870,726	96,566,511,599
As at 30 June 2023				
Trade payables	90,108,765	5,915,348,132	78,067,745,313	84,073,202,210
Provisions	-	-	212,837,759	212,837,759
Total	90,108,765	5,915,348,132	78,280,583,072	84,286,039,969

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

iii) Market risk

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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Notes to the Financial Statements (Continued)

Financial Risk Management

Financial Risk Management

The carrying amount of the Authority's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Current FY

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As At 30 June 2024			
Financial Assets			
Cash	21,043	-	21,043
Debtors	-	-	-
Total Financial Assets	21,043	-	21,043
Financial Liabilities			
Trade and Other Payables	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	21,043	-	21,043

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Notes to the Financial Statements (Continued)

Financial Risk Management

Foreign currency sensitivity analysis

Current FY

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2024			
Euro	10%	-	-
USD	10%	-	-
2023			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs (Current FY: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (Current FY – Kshs)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

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Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June (Current FY)				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land and Buildings	-	-	-	-
Total	-	-	-	-
As at 30th June (Previous FY)				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land and Buildings	-	-	-	-
Total	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	13,448,861,037	16,652,249,685
Capital Reserve	698,803,092,146	665,171,015,227
Total Funds	712,251,953,183	681,823,264,912
Total Borrowings		
Less: Cash and Bank Balances	10,559,627,120	17,227,706,426
Net Debt /(Excess Cash and Cash Equivalents)	(10,559,627,120)	(17,227,706,426)
Gearing	-	-

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Notes to the Financial Statements (Continued)

36. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) Kenya Roads Board
- iii) National Land Commission
- iv) Key management.
- v) Board of directors.

	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
	-	-
Total	-	-
b) purchases from related parties		
Purchases of electricity from KPLC	18,247,755	13,870,396
Purchase of water from Nairobi City Water & Sewerage Company Ltd	1,250,857	1,215,615
Training and conference fees paid to Kenya School of Government	16,675,989	16,637,242
Total	36,174,601	31,723,253
c) Grants /transfers from the government		
Grants from national Govt	8,646,773,327	14,568,491,327
Fuel levy funds from Kenya Roads Board	27,678,092,960	28,178,268,796
Total	36,074,866,287	42,746,760,123
d) Expenses incurred on behalf of other agencies		
Kenya Rural Roads Authority	25,024,328	17,888,176

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	2023-2024	2022-2023
	Kshs	Kshs
Kenya Urban Roads Authority	20,628,957	14,746,226
Total	45,653,285	32,634,402
e) Key management compensation		
i) Directors' Emoluments	6,776,000	6,095,000
ii) Directors' Expenses	16,190,895	36,809,684
iii) Compensation to the CEO	11,889,316	11,506,316
iv) Compensation to key management	270,960,975	236,341,887
Total	305,817,186	290,752,887

37. Contingent Assets and Contingent Liabilities

Contingent Liabilities

	2023-2024	2022-2023
	Kshs	Kshs
Contingent Liabilities		
Court Cases against the Authority	19,181,494,609	16,743,296,243
Unclaimed Interest on works and Land acquisitions	262,317,950	262,317,950
Unresolved contractual claims	5,000,000,000	5,000,000,000
Estimated Legal fees & Interest awards	131,153,540	131,153,540
Total	24,574,966,099	22,136,767,733

38. Capital Commitments

Capital Commitments	2023-2024	2022-2023
	Kshs	Kshs
Authorised for	45,065,894,780	48,954,859,729
Authorised and Contracted for	218,843,069,921	108,908,402,549
Total	263,908,964,701	157,863,262,278

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Notes to the Financial Statements (Continued)

39. Surplus Remission

The Authority did not realize any distributable surplus during the year ended 30th June, 2024 and hence there was no remittance to the Consolidated Fund.

40. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

41. Ultimate and Holding Entity

The Authority is a Semi- Autonomous Government Agency under the Ministry of Roads and Transport. Its ultimate parent is the Government of Kenya.

42. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

Appendix 1: Implementation Status of Auditor-General’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor (FY 2022/2023) Report	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Board Expenses</p> <p>The statement of financial performance reflects Board expenses balance of Kshs.55,969,000 which, as disclosed in Note 14 to the financial statements includes expenditure in respect of ministerial and other official functions amounting to Kshs.7,963,666. However, review of supporting documents revealed that the expenditure related to travel expenses for the principal secretary and Cabinet secretary for State Department for Roads and other ministerial staff while on official</p>	<p>Board Expenses</p> <p>We agree with the audit observation that Kshs 7,963,666 was paid in respect of ministerial and other official functions. These expenses relate to travel expenses for the Principal Secretary & Cabinet Secretary for State Department of Roads and his staff while on official inspections/site visits of Authority’s Road projects. Consequently, these expenses neither relate to the State Department of Roads nor Transport. The Principal Secretary has representation in the Authority’s Board hence the expenditure classification. Further these expenses are based on official requests made by the Cabinet/Principal Secretary as per attached sampled requests marked as <i>Appendix KeNHA/OAG/DR/MA/2022-2023/1</i>. However effective financial year 2023/24, this expenditure has since been removed from Board expenses and is being reported separately.</p>	Resolved	

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	<p>inspection/site visit of the Authority's road projects. However, no plausible explanation was provided why the State Department for Transport functions were being funded from the Authority and charged in Board expenses while the State Department has a travel and subsistence allowance vote.</p> <p>In the circumstances, accuracy of Board expenses amounts of Kshs.55,969,000 could not be confirmed.</p>			
2	<p>Property, Plant and Equipment</p> <p>Lack of Ownership Documents Property, Plant and Equipment</p> <p>The statement of financial position reflects an amount of Kshs.726,859,848,993 in respect of property, plant and equipment which, as disclosed in Note 25 to the financial statements includes an amount of Kshs.268,360,000 in respect of land assets.</p>	<p>We agree with the Auditor observation that some land assets occupied by the Authority either exclusively or jointly with other road authorities lack ownership documents.</p> <p>Over the years, the Authority has been engaging the various institutions responsible for Vesting of the Land Assets previously owned by the</p>	<i>Not Resolved</i>	

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<p>However, it was noted that some properties occupied by the Authority are owned exclusively or jointly with other road Authorities but are not formally vested to KeNHA as follows;</p> <ul style="list-style-type: none"> i. 25 No. Camps exclusively owned by KeNHA ii. 136 No. Camps owned jointly (KeNHA, KURA and KeRRA) iii. 14 No. Camps owned jointly (KeNHA and KeRRA), and iv. 120 No. Camps owned jointly (KeNHA and KURA) <p>The value and ownership status of the above pieces of land could not be confirmed. In the circumstances, accuracy and completeness of assets balance of Kshs.726,859,848,993 could not be confirmed and the public land may be grabbed or alienated.</p>	<p>former Ministry of Roads and Public works to be vested to the various Road Agencies with little success.</p> <p>However, through the intervention of the Ministry of Roads and Transport, the National Land Commission (NLC) finally took up the issue and requested the Road Authorities to submit a register of the various Land Assets (which the Authorities are pursuing title deeds for) indicating their current status.</p> <p>See the Attached Correspondences, <i>Appendix KeNHA/OAG/DR/MA/2022-2023/2</i></p> <p>Despite the slow progress of the process, the Authority has managed to obtain titles deeds for the following:</p> <ul style="list-style-type: none"> 1. Kibwezi Quarry 2. Rumuruti camp 3. Sagana camp 4. Gilgil Weigh bridge 5. Sultan Hamud camp 	
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		The Authority is committed to and will relentlessly continue engaging NLC and any other stakeholder to ensure it secures title deeds for all its Land Assets.		
3	<p>Inaccuracies of Account Receivables from Non-Exchange Transactions</p> <p>The statement of financial position reflects receivables from non-exchange transaction Balance of Kshs.18,310,939,061 which, as disclosed in Note 23 to the financial statements includes an advance payment on development projects of Kshs.18,113,761,327. However, review of the supporting documents and schedules revealed that only an amount of Kshs.5,706,397,345 had been paid as some contractors were not paid resulting to a variance of Kshs.12,407,363,345. Although Management adjusted the account balance by an amount of Kshs.2,723,193,701, the</p>	<p>We disagree with this audit observation. The Authority’s advance payment book was Kshs 18,310,939,061 as at 30th June 2023 after adjustments as agreed with the Auditors. This comprised of Kshs 16,110,347,384 to Development projects and Kshs 2,200,591,677 to Maintenance projects. This amount is supported by a detailed schedule indicating:</p> <ul style="list-style-type: none"> i) The total amount of advance payment per the Advance payment certificate ii) The total amount of advance payment actually paid to the project. iii) The total amount of advance payment recoveries made from the project. iv) The total amount of outstanding advance payments as at 30th June 2023. 	<i>Resolved</i>	

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	<p>outstanding variance of Kshs.9,684,169,644 was not explained.</p> <p>In the circumstances, the accuracy and completeness of receivables from non-exchange transactions balance of Kshs.18,310,939,061 could not be confirmed</p>	<p>This schedule is attached and marked as <i>Appendix KeNHA/OAG/DR/MA/2022-2023/3</i></p>		
4	<p>Unsupported Additions to Road Assets</p> <p>The statement of financial position reflects a balance of Kshs.726,602,109,784 in respect of property, plant and equipment. Included in this amount is a balance of Kshs.51,637,540,948 as additions in road assets. However, an analysis of the additional amount revealed that amounts of Kshs.2,227,592,556 and Kshs.4,978,428,830 were paid to National land commission for compensation of land owners and diminution of profits and loss of business to business owners respectively that were not supported by beneficiaries and evidence of remittances, evaluation reports and names of business.</p>	<p><i>This matter was neither brought to the attention of the auditee nor contained among the matters raised during the exit meeting, which would have facilitated provision of adequate explanation during the audit process. Similarly, the matter was not brought forth in the Management Letter which would have facilitated provision of adequate explanations to the observation.</i></p> <p>We disagree with the audit observation that amounts of Kshs.2,227,592,556 and Kshs.4,978,428,830 were paid to National land commission for compensation of landowners, diminution of profits and loss of business to business' owners. The additions that relate to compensation to land owners, amounts to Ksh 6,450,027,659 and not Ksh 7,206,021,386 (Ksh 2,227,592,556 and Ksh 4,978,428,830). These additions have not been paid and are outstanding in our records.</p>	Resolved	

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	<p>In the circumstances, accuracy and propriety of the capital expenditure/additions of Kshs.51,637,540,948 could not be confirmed.</p>	<p>A Breakdown of Project Affected Persons additions during the FY 2022-2023 are as follows;</p> <table border="1" data-bbox="1012 427 1720 896"> <thead> <tr> <th></th> <th>Project</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Kenol-Sagana-Marua</td> <td>1,868,850,009</td> </tr> <tr> <td>2.</td> <td>Mombasa-Mtwapa</td> <td>3,169,464,820</td> </tr> <tr> <td>3.</td> <td>North Horr-Marsabit</td> <td>277,194,410</td> </tr> <tr> <td>4.</td> <td>Nairobi Western Bypass</td> <td>113,657,476</td> </tr> <tr> <td>5.</td> <td>James Gichuru Junction-Rironi</td> <td>370,047,450</td> </tr> <tr> <td>6.</td> <td>Mombasa-Kwa Jomvu</td> <td>647,363,044</td> </tr> <tr> <td>7.</td> <td>Nairobi Express Way</td> <td>3,450,450</td> </tr> <tr> <td></td> <td>Total</td> <td>6,450,027,659</td> </tr> </tbody> </table> <p>The additions are supported by a valuation schedule from NLC which contains the names, acreage acquired and parcel references. The valuation schedules from NLC were shared with the Auditors during the audit process. These valuation schedules are attached and marked as <i>Appendix KeNHA/OAG/DR/MA/2022-2023/4</i></p>		Project	Amount	1.	Kenol-Sagana-Marua	1,868,850,009	2.	Mombasa-Mtwapa	3,169,464,820	3.	North Horr-Marsabit	277,194,410	4.	Nairobi Western Bypass	113,657,476	5.	James Gichuru Junction-Rironi	370,047,450	6.	Mombasa-Kwa Jomvu	647,363,044	7.	Nairobi Express Way	3,450,450		Total	6,450,027,659	
	Project	Amount																												
1.	Kenol-Sagana-Marua	1,868,850,009																												
2.	Mombasa-Mtwapa	3,169,464,820																												
3.	North Horr-Marsabit	277,194,410																												
4.	Nairobi Western Bypass	113,657,476																												
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7.	Nairobi Express Way	3,450,450																												
	Total	6,450,027,659																												

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EMPHASIS OF MATTER			
1	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual receipts on a comparable basis amount of Kshs.38,046,956,578 and Kshs.29,020,023,427, respectively resulting in an under-funding of Kshs.9,026,933,151 or 24% of the budget. Similarly, the Authority expended an amount Kshs.31,345,938,487 against an approved budget of Kshs.36,338,362,966 resulting in an under-expenditure of Kshs.4,992,546,875 or 14% of the budget.</p> <p>The underfunding and under-expenditure affected the planned activities and has impacted negatively on service delivery to the public.</p>	<p>We agree with the audit observation that the Authority’s budget was not fully funded by 24%. Underfunding is mainly attributed to the late disbursement of the Road Maintenance Levy funds by Kenya Roads Board (KRB). The Authority received Ksh 2.6 billion on 10th July 2024 from KRB which was supposed to have been received in FY 2022/2023 (KRB remittance is attached). Further, Ksh 5.7 billion conditional allocation funds were ring fenced for specific key projects and whose absorption was dependant on the works progress in those particular projects. Arising from the aforementioned reasons, the amounts could not be absorbed as planned resulting mainly to the under-expenditure of 14% of the budget.</p>	<i>Not Resolved</i>

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2	<p>Contingent Liabilities</p> <p>I draw your attention to Note 34 to the financial statements which reflects Kshs.22, 136,767,733 in respect of Contingent liabilities relating to court cases against the Authority, unclaimed interest on works and land acquisitions, unresolved contractual claims and estimated legal fees and interest awards. Although, in the opinion of the Management, the Authority is likely to obtain favourable judgements in many of the cases, the Authority's operations would be adversely affected if any of the liabilities was to crystallize</p>	<p>We agree with this observation that the Financial Statements include an amount of Kshs.22, 136,767,733 with respect to Contingent liabilities. It is important to note that 76% of the contingent liabilities amounting to Kshs 16,743,296,243 relates to on-gong litigation which the Authority is confident of obtaining favourable judgement in a majority of them. This confidence is under pinned by the fact that in prior year this amount was Kshs 60 billion and has therefore significantly declined.</p>	<p><i>Not Resolved</i></p>	
OTHER MATTERS				
1	<p>Unresolved Prior Year Issues</p> <p>In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk</p>	<p>Unresolved Prior Year Matters</p> <p>We agree with the audit observation that some issues raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources in the previous financial year ended 30th June 2022 have remained unresolved.</p>	<p><i>Resolved</i></p>	

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	Management and Governance. However, the issues remain unresolved.	<p>This is regrettable and largely driven by the fact that the resolution and favorable outcomes of these matters are dependent on 3rd Party actions which the Authority has no full control over. The issues raised as summarized hereunder: -</p> <ul style="list-style-type: none"> a) Lack of title documents to some land parcels owned by the Authority. b) Unsupported payments by The National Lands Commission. <p>In the matters above, the Authority shall continue to tirelessly engage these stakeholders to ensure that these matters are resolved.</p> <p>However, please note that the Authority is well seized of the long outstanding Refundable deposits matter which is within its control and has already rolled out an elaborate process to ensure that all due Refundable deposits are refunded.</p>		
Basis for Conclusion				
1	<p>Avoidable Expenditure - Interest on Trade and Other Payables</p> <p>The statement of financial position reflects Trade and other payables balance of Kshs.84,073,202,210 which, as disclosed in Note 27 to the financial statements increased by Kshs.3,907,619,872 from Kshs.80,165,582,338 (2022) representing an</p>	<p>It is true that Trade & other payables as reported of Kshs 84,073,202,210, exceeded 2% of budgeted expenditure of Kshs 36,338,362,996 and that these payables accrued interest on delayed payments.</p> <p>This arises whenever certified works are not settled within the period stipulated in the contracts largely due to:</p>	<i>Not Resolved</i>	

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<p>increase of 11% of the final budgeted expenditure of Kshs.36,338,362,996. This contravenes Section 94(1)(b) of the Public Finance Management Act, 2012 that states that a State organ or public entity is in serious material breach or persistent material breach of the measures established under this Act if it failed to make any other payment as and when due, which individually or in the aggregate is more than an amount as may be prescribed or, if none is prescribed, more than two percent (2%) of the State organ's or public entity's budgeted operating expenditure.</p> <p>Further, it was noted that the long outstanding amounts had attracted an accumulated interest amount of Kshs.438,259,720, an amount that could otherwise be avoided.</p> <p>In the circumstances, Management was in breach of the law and effective use public resources could not be confirmed.</p>	<ul style="list-style-type: none"> a) Inadequate Exchequer budgetary provisions in the current as well as well as prior financial years b) Delayed receipt of Budgeted Exchequer funds by the Authority in the current as well as prior financial years c) In some cases, expiry, and exhaustion of Development Partner financing prior to completion of the projects <p>We wish to note however, that interest on delayed payment is a contractual obligation under the contract.</p> <p>To ensure that the pending bills are settled and subsequently curtail further accrual of interests on delayed payments, the Authority will continue lobbying for additional budgets through the Parent Ministry in subsequent financial years in order to ensure that all the pending bills are settled. In addition, only critical projects will be initiated for implementation to reduce the budget burden in the future.</p>		
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2	<p>Long Outstanding Refundable Deposits The statement of financial position reflects refundable deposits from customers balance of Kshs.228,934, 138 and as disclosed in Note 28 to the financial statements. Included in this amount are long outstanding balances totalling to Kshs.58,068,272 dating back to 2010/2011 financial year. No plausible explanation was given why the deposits had not been surrendered to Consolidated Fund as provided by Regulation 106 of the Public Finance Management (National Government) Regulations, 2015 that states that unless otherwise exempted by an Act of Parliament, any deposit which has remained unclaimed for 5 years may, with the approval of the Cabinet Secretary, be paid into Consolidated Fund and thereafter the</p>	<p>We agree with the audit observation that there are long outstanding balances within the refundable deposits. The applicants for Roadside Development are required to apply for the refundable deposits once they have completed the works as per the approval conditions. However, some of the applicants have not applied for refund of their deposits. The Authority has already carried out a comprehensive audit of all approved roadside developments with expired completion period and the deposits not applied for. The comprehensive audit report findings are summarized in the table below.</p> <table border="1" data-bbox="1012 880 1742 1302"> <thead> <tr> <th>Category</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Total amount to be refunded to applicants</td> <td>115,983,745</td> </tr> <tr> <td>Total amount to be forwarded to Unclaimed Financial Assets Authority</td> <td>177,982,638</td> </tr> <tr> <td>Total amount to be surcharged by the Authority as cost of repairs</td> <td>18,078,264</td> </tr> <tr> <td>Total amount</td> <td>312,044,648</td> </tr> </tbody> </table>	Category	Amount	Total amount to be refunded to applicants	115,983,745	Total amount to be forwarded to Unclaimed Financial Assets Authority	177,982,638	Total amount to be surcharged by the Authority as cost of repairs	18,078,264	Total amount	312,044,648	<i>Resolved</i>	
Category	Amount													
Total amount to be refunded to applicants	115,983,745													
Total amount to be forwarded to Unclaimed Financial Assets Authority	177,982,638													
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Total amount	312,044,648													

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	<p>Accountant-General may refund the deposit to any person entitled thereto, if he or she is satisfied that the claim is authentic.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>During the year under review deposits totalling Kshs 34,194,463 were released to various successful applicants. This exercise shall continue in earnest until all due refunds are done.</p>		
3	<p>Anomalies Noted During Projects Inspection</p> <p>Physical inspection on projects carried out on 2 July,2023 revealed delayed works on various projects in different regions as highlighted below</p>		<i>Not Resolved</i>	
	<p>i) Construction of Dhogoye Bridge and Approach Roads on Kisian- Usenge-Osieko (810) Road (KeNHA/RD/HP&D/RP 3287/2021)</p> <p>The Authority awarded a contract No.KeNHA /RD/HP&D/RP 3287/2021 to</p>	<p>We agree with this audit observation. The construction of Dhogoye Bridge commenced on 21st June 2021, under a contract with an initial</p>		

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<p>two companies in a joint venture at a contract sum of Kshs.1,999,349,505 for a period of 18 months effective 21 June, 2021. However, review of the monthly progress report of June, 2023 revealed that the contractors have achieved only 21% overall works completion compared to time elapsed of 24%, an indication that works were behind schedule. Further, records reviewed revealed that only one certificate of Kshs.83,862,151.83 had been raised and part payment of Kshs.74,478,949 or 89% had been paid. Management explained that the slow work progress was due to non- payment of advance payment requested by the contractors of Kshs.199,934,950.60 vide IPC 1 out of which an amount of Kshs.35,000,000 had paid. However, review of the contract clause 60.12 of the conditions of the contract revealed that it was not mandatory for employer to pay the advance amount to the</p>	<p>duration of 30 months, comprising an 18-month construction period followed by a 12-month Defects Liability Period.</p> <p>Initially, the Contractor requested advance payment, supported by an advance payment bank guarantee. However, the disbursement of this advance was contingent upon the availability of funds as outlined in Clause 60.12 of the Conditions of Contract and the Appendix to Form of Bid. Due to budgetary constraints, the Employer disbursed Kshs. 35,000,000 out of the requested Kshs. 199,934,950.66.</p> <p>Upon receiving the partial advance monies, the Contractor commenced site works, including mobilization, embankment construction on the Osieko side, swamp rehabilitation on the bridge approaches, and establishment of piling platforms to support equipment. These works were certified, leading to an interim payment certificate of Kshs. 83,862,151.83. However, due to budget limitations, partial payments totaling Kshs. 15,000,000 and Kshs. 59,478,949 were made in February and May 2023 respectively, leaving an outstanding balance of Kshs. 9,383,202.83. Budget allocations for the project in fiscal years 2021/2022, 2022/2023, and 2023/2024 have been quite constrained, & insufficient for effective project implementation.</p>	
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	<p>contractor and therefore it was not enough justification for slow work progress. In the circumstances, the project risks incurring additional funds due cost escalation. In addition, delay in implementation of the project has impacted negatively on service delivery to the public.</p>	<p>Critical activities such as fabrication of structural steel components for the bridge superstructure were carried out offshore by the Contractor. An inspection conducted by the Employer's technical team and Supervision Consultant in June 2023 ensured compliance with standards, with parts shipment currently in progress.</p> <p>Despite slow progress, work on site has not been suspended. To reduce supervision costs during this period, the supervision consultant was directed to downsize the technical personnel on site, leaving only the Resident Engineer and Road Inspector as of January 2023 to oversee ongoing activities and maintain essential records.</p>		
	<p>ii) Mambo Leo-Miwani-Chemelil-Muhoroni-Kapsitet Kericho Junction Lot II</p> <p>The Authority awarded the contract to two companies in a joint venture at a contract sum of Kshs.4,964, 716,883.42 for a period of 36 months effective from 8 September, 2021. However, the status report dated 19 July, 2023 indicates the work certified to date as</p>	<p>Both the Contractors' have suspended works with effect from 1st December 2023 due to constrained budgetary allocations and slow disbursements (delayed payments). Progress of works stands at 11.3% against time elapse of 61.95%.</p>		

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<p>Kshs.1,512,559,757 or 30% against 62% time elapsed, an indication that works were behind schedule. Out of the total works certified an amount of Kshs.903,926,561 or 11.29% had been paid and shared out between the two Contractors at 8.32% and 2.98% respectively. However, review the progress report revealed that out of the payments made, the company with lower percentage (2.98%) of coverage received an amount of Kshs.501, 180,029 while the company with higher percentage (8.3%) coverage received an amount of Kshs.402,746,532. The un- proportional payment was not explained.</p> <p>In the circumstances, the project risks incurring additional funds due cost escalation. In addition, delay in implementation of the project has impacted negatively on service delivery to the public</p>	<p>The total payments certified to date is Kshs.1, 512,559,757 out of which Kshs.984, 792,504.93 has been paid. On progress, Gragab has delivered 2.98% of while Sinohydro had delivered 5.5% works as of July 2023.</p> <p>It is true that Gragab Agencies Limited has received at a total of KShs. 417,746,532.91 whereas Sinohydro has received KShs. 567,045,972.02. This is duly noted and shall be rectified in the next payment due to the two parties.</p>		
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	<p>iii) Mau Mau Road Lot II</p> <p>The contract was awarded to a company at a contract sum of Kshs.4,519,821,279 for 36 months from 20 February, 2020 and was revised to 47 months. Mau Mau Road Lot III was implemented in Nyeri County. A letter Ref: KeNHA/08/CV812/2023 dated 10 May, 2023 from Director General to the contractor revealed that the contractor was awarded extension of time for a further period of three hundred and thirty-seven (337) days. However, physical inspection carried out in the month of July, 2023 revealed that the amount certified to date (up to IPC 12) which had been fully settled was an amount of Kshs.1,775,574,791 and</p>	<p>By the time of the audit, the amount certified upto IPC No.12 was Kshs. 1,775,574,791.17 including Advance Payment which represents 39.28%, however, the progress of permanent Works was at 49.2%.</p> <p>The Contractor has since sought a further Extension of Time of 17 months to complete pending works. Among the reasons for this extension of time claim are cash flow challenges due delayed payments (inadequate budgetary allocation) and inclemental weather.</p> <p>The Contractor has been instructed to undertake the outstanding works both on the main road and spur roads. Further an inspection and acceptance will have to be conducted prior to taking over of the works and as such no substandard works shall be accepted.</p>		

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	<p>stood at 39.28 % of the contract sum. The inspection revealed that spur roads works were at the initial stages and behind schedule despite the revised completion date of 18 February, 2024. Further, the main road drainage banks had not been reinforced by stone pitching and loose soil on the drainage sides were falling down inside the drainage channels on several sections of the road.</p> <p>Delayed maintenance/repair works may result to further deterioration of the defects attracting huge repair costs.</p> <p>In the circumstances, effectiveness and efficiency in use public resources could not be confirmed</p>			
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Eng. Kungu Ndungu, MBS
Director General
 Date.....11 DEC 2024.....

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Appendix II: Projects implemented by Kenya National Highways Authority

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

No.	Project title	Project No.	Donor	Period/ Duration	Donor commitment (Kshs)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements
1.	Horn of Africa Gateway Development Project	6768-KE	IDA	07.10.2020-30.06.2028	73,232,977,110	Yes	Yes
2.	MPARD/Mombasa Gate Bridge/SEZ	KE-P29/KE-P32/KE-P34/KE-P35	JICA	02.06.2012-31.12.2027	40,999,499,340	Yes	Yes
3.	Epc/Turn Key construction of Five Footbridges & T-Mall Flyover in Mombasa & Langata Road	KEN-01001-19 & KEN-02001-19	Spanish Government	12.11.2019-31.01.2024	4,316,858,976	Yes	Yes
4.	Regional Mombasa Port Access Project-Lot 2/Kitale-Morpus	202061919/202083939&202062065	KfW	01.08.2017-31.12.2021	20,784,349,250	Yes	Yes
5.	East Africa Regional Transport, Trade & Development Facilitation Project	5638-KE	IDA	20.07.2015-31.12.2021	49,284,758,606	Yes	Yes
6.	AfDB	2000130015238	AfDB	09.06.2017-08.05.2021	117,870,162,630	Yes	Yes
7.	China -EXIM	BLA2016K001	China -EXIM	26.11.2016-31.12.2020	36,592,023,154	Yes	Yes
8.	Regional Mombasa Port Access Project: Lot 2 Kwa Jomvu - Mariakani	84010	EIB	01.08.2017-31.12.2020	5,842,860,000	Yes	Yes

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Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	NUTRIP	19,140,160,545	3,141,819,952		-	-	IDA
2.	KTSSP	33,258,366,990	31,673,750,335		-	-	IDA
3.	AfDB	117,870,162,630	70,925,095,568		12,400,000,000	2,689,603,629	AfDB
4.	China -EXIM	36,592,023,154	32,728,247,744		-	-	China -EXIM
5.	EARTTDFP	49,284,758,606	45,191,529,964		6,225,000,000	1,389,172,815	IDA
6.	MPARD/Mombasa Gate Bridge/Mombasa SEZ	115,193,021,022	40,999,499,340		1,967,500,000	465,816,198	JICA
7.	NETIP	67,920,000,000	705,629,840		-	-	IDA
8.	HoAGDP	73,232,977,110	10,523,015,454		5,750,000,000	1,577,512,723	IDA
9.	Port Reitz/Mombasa International Airport/Magongo Road Dualling	3,213,017,504	2,981,208,689		-	-	TMEA

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10.	Regional Mombasa Port Access Project/Kitale-Morpus	20,784,349,250	3,113,376,711		2,340,000,000	444,343,216	KfW
11.	Regional Mombasa Port Access Project	5,842,860,000	1,398,638,640		200,000,000	35,115,734	EIB
12.	Nuno-Modogashe Road Project/Samatar-Wajir	15,271,497,560	4,254,168,087		-	-	OPEC Fund/BADEA/Saudi Fund/Kuwait Fund/Abu Dhabi
13.	Epc/Turn Key construction of Five Footbridges & T-Mall Flyover in Mombasa & Langata Road	4,316,858,976	4,316,858,976		-	-	Spanish Government

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
A. RECURRENT									
Kenya Roads Board	30 August 2023	Recurrent	2,093,772,156	2,093,772,156					2,093,772,156
Kenya Roads Board	29 October 2023	Recurrent	3,934,872,938	3,934,872,938					3,934,872,938
Kenya Roads Board	05 December 2023	Recurrent	4,638,925,887	4,638,925,887					4,638,925,887
Kenya Roads Board	07 February 2024	Recurrent	4,813,928,873	4,813,928,873					4,813,928,873
Kenya Roads Board	12 April 2024	Recurrent	3,999,896,575	3,999,896,575					3,999,896,575
Kenya Roads Board	11 June 2024	Recurrent	1,509,574,686	1,509,574,686					1,509,574,686
Kenya Roads Board	Receivable as at 30 June 2024	Recurrent	4,587,121,845	4,587,121,845					4,587,121,845
Kenya Roads Board	29 October 2023	Development	525,000,000		525,000,000				525,000,000
Kenya Roads Board	07 February 2024	Development	525,000,000		525,000,000				525,000,000
Kenya Roads Board	27 March 2024	Development	525,000,000		525,000,000				525,000,000
Kenya Roads Board	30 May 2024	Development	525,000,000		525,000,000				525,000,000
	Total		27,678,092,960		2,100,000,000				27,678,092,960

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				25,578,092,960				
B. DEVELOPMENT								
MOTIHUD & PW	11 July 2023	Development	250,000,000		250,000,000			250,000,000
MOTIHUD & PW	06 September 2023	Development	150,106,806		150,106,806			150,106,806
MOTIHUD & PW	28 September 2023	Development	625,000,000		625,000,000			625,000,000
MOTIHUD & PW	06 December 2023	Development	41,860,266		41,860,266			41,860,266
MOTIHUD & PW	22 December 2023	Development	250,000,000		250,000,000			250,000,000
MOTIHUD & PW	02 January 2024	Development	106,500,000		106,500,000			106,500,000
MOTIHUD & PW	30 January 2024	Development	563,000,000		563,000,000			563,000,000
MOTIHUD & PW	09 February 2024	Development	7,500,000		7,500,000			7,500,000
MOTIHUD & PW	29 February 2024	Development	418,333,732		418,333,732			418,333,732
MOTIHUD & PW	13 March 2024	Development	3,134,472,523		3,134,472,523			3,134,472,523
MOTIHUD & PW	09 April 2024	Development	600,000,000		600,000,000			600,000,000
MOTIHUD & PW	25 April 2024	Development	1,250,000,000		1,250,000,000			1,250,000,000
MOTIHUD & PW	25 May 2024	Development	250,000,000		250,000,000			250,000,000
MOTIHUD & PW	Receivable as at 30 June 2024	Development	1,000,000,000		1,000,000,000			1,000,000,000

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MOTIHU & PW	Transfers from Development Budget Grants	Recurrent	-	306,554,934	(306,554,934)				-
	Total		8,646,773,327	306,554,934	8,340,218,393				8,646,773,327
C. Development Partner Receipts									
IDA									
	9 Oct 2023	Development	81,020,830		81,020,830				81,020,830
	9 Oct 2023	Development	157,182,705		157,182,705				157,182,705
	11 Dec 2023	Development	164,111,798		164,111,798				164,111,798
	19 Jan 2024	Development	109,602,066		109,602,066				109,602,066
	26 Mar 2024	Development	128,001,772		128,001,772				128,001,772
	5 Apr 2024	Development	393,272,193		393,272,193				393,272,193
	16 May 2024	Development	462,370,638		462,370,638				462,370,638
	Total		1,495,562,002		1,495,562,002				1,495,562,002

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D. Direct Payments								
African Development Bank (AfDB)								
	1 Jul 2023	Development	4,807,281		4,807,281			4,807,281
	11 Aug 2023	Development	2,824,879		2,824,879			2,824,879
	11 Aug 2023	Development	3,151,000		3,151,000			3,151,000
	11 Aug 2023	Development	3,171,873		3,171,873			3,171,873
	11 Aug 2023	Development	30,133,150		30,133,150			30,133,150
	11 Aug 2023	Development	79,845,310		79,845,310			79,845,310
	14 Aug 2023	Development	47,710,249		47,710,249			47,710,249
	14 Aug 2023	Development	162,167,841		162,167,841			162,167,841
	16 Aug 2023	Development	3,087,274		3,087,274			3,087,274
	16 Aug 2023	Development	6,840,890		6,840,890			6,840,890
	16 Aug 2023	Development	253,000		253,000			253,000
	16 Aug 2023	Development	2,843,631		2,843,631			2,843,631
	16 Aug 2023	Development	3,623,300		3,623,300			3,623,300
	16 Aug 2023	Development	2,900,496		2,900,496			2,900,496
	16 Aug 2023	Development	5,051,700		5,051,700			5,051,700
	16 Aug 2023	Development	2,945,550		2,945,550			2,945,550
	16 Aug 2023	Development	5,585,200		5,585,200			5,585,200
	16 Aug 2023	Development	2,882,847		2,882,847			2,882,847
	16 Aug 2023	Development	7,244,651		7,244,651			7,244,651
	16 Aug 2023	Development	3,346,939		3,346,939			3,346,939
	16 Aug 2023	Development	8,605,417		8,605,417			8,605,417
	16 Aug 2023	Development	2,898,051		2,898,051			2,898,051
	16 Aug 2023	Development	7,436,171		7,436,171			7,436,171
	17 Aug 2023	Development	59,301,070		59,301,070			59,301,070
	17 Aug 2023	Development	5,769,091		5,769,091			5,769,091
	22 Aug 2023	Development	3,369,580		3,369,580			3,369,580
	22 Aug 2023	Development	8,511,081		8,511,081			8,511,081
	22 Aug 2023	Development	5,534,109		5,534,109			5,534,109

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	22 Aug 2023	Development	382,500		382,500			382,500
	22 Aug 2023	Development	3,730,638		3,730,638			3,730,638
	22 Aug 2023	Development	255,000		255,000			255,000
	20 Sep 2023	Development	51,582,116		51,582,116			51,582,116
	20 Sep 2023	Development	150,457,536		150,457,536			150,457,536
	3 Oct 2023	Development	15,178,152		15,178,152			15,178,152
	3 Oct 2023	Development	52,928,940		52,928,940			52,928,940
	3 Oct 2023	Development	29,188,754		29,188,754			29,188,754
	3 Oct 2023	Development	40,100,008		40,100,008			40,100,008
	3 Oct 2023	Development	3,408,051		3,408,051			3,408,051
	26 Oct 2023	Development	2,992,307		2,992,307			2,992,307
	26 Oct 2023	Development	6,130,000		6,130,000			6,130,000
	26 Oct 2023	Development	78,000		78,000			78,000
	26 Oct 2023	Development	6,840,890		6,840,890			6,840,890
	26 Oct 2023	Development	3,087,274		3,087,274			3,087,274
	10 Nov 2023	Development	86,756,233		86,756,233			86,756,233
	10 Nov 2023	Development	70,983,372		70,983,372			70,983,372
	10 Nov 2023	Development	174,047,536		174,047,536			174,047,536
	10 Nov 2023	Development	62,560,371		62,560,371			62,560,371
	17 Nov 2023	Development	38,502,603		38,502,603			38,502,603
	17 Nov 2023	Development	80,261,231		80,261,231			80,261,231
	17 Nov 2023	Development	24,109,680		24,109,680			24,109,680
	17 Nov 2023	Development	1,317,250		1,317,250			1,317,250
	17 Nov 2023	Development	7,434,572		7,434,572			7,434,572
	17 Nov 2023	Development	2,507,762		2,507,762			2,507,762
	17 Nov 2023	Development	3,214,297		3,214,297			3,214,297
	17 Nov 2023	Development	9,511,892		9,511,892			9,511,892
	17 Nov 2023	Development	27,703,357		27,703,357			27,703,357
	17 Nov 2023		50,235,421		50,235,421			50,235,421

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		Development						
	17 Nov 2023	Development	14,405,746		14,405,746			14,405,746
	5 Dec 2023	Development	2,787,232		2,787,232			2,787,232
	5 Dec 2023	Development	4,426,161		4,426,161			4,426,161
	5 Dec 2023	Development	3,079,343		3,079,343			3,079,343
	5 Dec 2023	Development	32,373,002		32,373,002			32,373,002
	5 Dec 2023	Development	31,886,278		31,886,278			31,886,278
	5 Dec 2023	Development	12,891,492		12,891,492			12,891,492
	5 Dec 2023	Development	1,092,064		1,092,064			1,092,064
	5 Dec 2023	Development	2,586,138		2,586,138			2,586,138
	5 Dec 2023	Development	572,944		572,944			572,944
	5 Dec 2023	Development	3,831,320		3,831,320			3,831,320
	5 Dec 2023	Development	3,071,588		3,071,588			3,071,588
	5 Dec 2023	Development	182,205,290		182,205,290			182,205,290
	5 Dec 2023	Development	90,281,900		90,281,900			90,281,900
	5 Dec 2023	Development	73,867,009		73,867,009			73,867,009
	7 Dec 2023		4,544,068		4,544,068			4,544,068

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		Development						
	7 Dec 2023	Development	4,544,068		4,544,068			4,544,068
	22 Dec 2023	Development	26,733,338		26,733,338			26,733,338
	22 Dec 2023	Development	57,212,111		57,212,111			57,212,111
	22 Dec 2023	Development	29,750,298		29,750,298			29,750,298
	22 Dec 2023	Development	103,744,629		103,744,629			103,744,629
	3 Jan 2024	Development	55,751,038		55,751,038			55,751,038
	3 Jan 2024	Development	514,767		514,767			514,767
	3 Jan 2024	Development	162,416		162,416			162,416
	3 Jan 2024	Development	162,416		162,416			162,416
	3 Jan 2024	Development	200,678,015		200,678,015			200,678,015
	3 Jan 2024	Development	108,296,929		108,296,929			108,296,929
	3 Jan 2024	Development	11,847,414		11,847,414			11,847,414
	3 Jan 2024	Development	9,477,931		9,477,931			9,477,931
	3 Jan 2024	Development	115,163,703		115,163,703			115,163,703
	3 Jan 2024	Development	5,024,306		5,024,306			5,024,306
	3 Jan 2024		108,000		108,000			108,000

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		Development						
	3 Jan 2024	Development	6,820,890		6,820,890			6,820,890
	3 Jan 2024	Development	4,217,850		4,217,850			4,217,850
	3 Jan 2024	Development	8,624,660		8,624,660			8,624,660
	3 Jan 2024	Development	65,677,330		65,677,330			65,677,330
	3 Jan 2024	Development	81,921,700		81,921,700			81,921,700
	3 Jan 2024	Development	8,935,786		8,935,786			8,935,786
	3 Jan 2024	Development	66,443,618		66,443,618			66,443,618
	3 Jan 2024	Development	19,053,685		19,053,685			19,053,685
	3 Jan 2024	Development	36,641,701		36,641,701			36,641,701
	9 Jan 2024	Development	259,730,352		259,730,352			259,730,352
	9 Jan 2024	Development	178,228,781		178,228,781			178,228,781
	16 Jan 2024	Development	4,229,164		4,229,164			4,229,164
	16 Jan 2024	Development	4,229,164		4,229,164			4,229,164
	16 Jan 2024	Development	1,840,165		1,840,165			1,840,165
	16 Jan 2024	Development	6,245,500		6,245,500			6,245,500
	16 Jan 2024	Development	1,840,165		1,840,165			1,840,165

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	16 Jan 2024	Development	6,350,000		6,350,000			6,350,000
	16 Jan 2024	Development	1,898,349		1,898,349			1,898,349
	16 Jan 2024	Development	7,964,735		7,964,735			7,964,735
	16 Jan 2024	Development	8,400,278		8,400,278			8,400,278
	16 Jan 2024	Development	3,868,586		3,868,586			3,868,586
	16 Jan 2024	Development	2,695,394		2,695,394			2,695,394
	16 Jan 2024	Development	8,192,332		8,192,332			8,192,332
	17 Jan 2024	Development	155,942,302		155,942,302			155,942,302
	17 Jan 2024	Development	96,164,420		96,164,420			96,164,420
	22 Jan 2024	Development	26,512,680		26,512,680			26,512,680
	22 Jan 2024	Development	74,820,076		74,820,076			74,820,076
	23 Jan 2024	Development	6,015,729		6,015,729			6,015,729
	23 Jan 2024	Development	382,500		382,500			382,500
	23 Jan 2024	Development	58,531,569		58,531,569			58,531,569
	23 Jan 2024	Development	28,078,535		28,078,535			28,078,535
	23 Jan 2024	Development	17,582,305		17,582,305			17,582,305

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	24 Jan 2024	Development	4,020,674		4,020,674				4,020,674
	24 Jan 2024	Development	7,027,574		7,027,574				7,027,574
	24 Jan 2024	Development	48,000		48,000				48,000
	5 Feb 2024	Development	1,563,625		1,563,625				1,563,625
	5 Feb 2024	Development	688,975		688,975				688,975
	5 Feb 2024	Development	1,317,250		1,317,250				1,317,250
	28 Feb 2024	Development	7,027,574		7,027,574				7,027,574
	28 Feb 2024	Development	48,000		48,000				48,000
	28 Feb 2024	Development	4,507,119		4,507,119				4,507,119
	4 Mar 2024	Development	4,589,788		4,589,788				4,589,788
	4 Mar 2024	Development	20,110,602		20,110,602				20,110,602
	4 Mar 2024	Development	33,461,522		33,461,522				33,461,522
	4 Mar 2024	Development	151,359,752		151,359,752				151,359,752
	4 Mar 2024	Development	53,739,631		53,739,631				53,739,631
	4 Mar 2024	Development	7,527,288		7,527,288				7,527,288
	7 Mar 2024	Development	3,087,274		3,087,274				3,087,274

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	7 Mar 2024	Development	6,840,890		6,840,890			6,840,890
	7 Mar 2024	Development	78,000		78,000			78,000
	13 Mar 2024	Development	19,467,502		19,467,502			19,467,502
	13 Mar 2024	Development	1,346,717		1,346,717			1,346,717
	13 Mar 2024	Development	14,423,558		14,423,558			14,423,558
	13 Mar 2024	Development	1,346,717		1,346,717			1,346,717
	13 Mar 2024	Development	1,349,953		1,349,953			1,349,953
	13 Mar 2024	Development	12,448,505		12,448,505			12,448,505
	13 Mar 2024	Development	1,349,953		1,349,953			1,349,953
	13 Mar 2024	Development	6,055,834		6,055,834			6,055,834
	13 Mar 2024	Development	3,741,331		3,741,331			3,741,331
	13 Mar 2024	Development	78,000		78,000			78,000
	13 Mar 2024	Development	7,027,574		7,027,574			7,027,574
	13 Mar 2024	Development	26,001,835		26,001,835			26,001,835
	13 Mar 2024	Development	51,611,705		51,611,705			51,611,705
	13 Mar 2024	Development	9,477,931		9,477,931			9,477,931

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	15 Mar 2024	Development	5,647,862		5,647,862				5,647,862
	18 Mar 2024	Development	83,513,741		83,513,741				83,513,741
	18 Mar 2024	Development	23,948,794		23,948,794				23,948,794
	18 Mar 2024	Development	46,055,372		46,055,372				46,055,372
	19 Mar 2024	Development	136,724,009		136,724,009				136,724,009
	19 Mar 2024	Development	48,038,165		48,038,165				48,038,165
	19 Mar 2024	Development	55,428,653		55,428,653				55,428,653
	19 Mar 2024	Development	67,746,131		67,746,131				67,746,131
	5 Apr 2024	Development	1,147,575		1,147,575				1,147,575
	5 Apr 2024	Development	1,515,063		1,515,063				1,515,063
	5 Apr 2024	Development	1,887,180		1,887,180				1,887,180
	8 Apr 2024	Development	3,932,960		3,932,960				3,932,960
	8 Apr 2024	Development	-3,932,960		-3,932,960				-3,932,960
	11 Apr 2024	Development	201,936,177		201,936,177				201,936,177
	11 Apr 2024	Development	70,950,549		70,950,549				70,950,549
	11 Apr 2024	Development	81,866,018		81,866,018				81,866,018

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	11 Apr 2024	Development	100,058,466		100,058,466				100,058,466
	25 Apr 2024	Development	98,082,861		98,082,861				98,082,861
	22 May 2024	Development	8,175,718		8,175,718				8,175,718
	22 May 2024	Development	8,624,660		8,624,660				8,624,660
	22 May 2024	Development	26,733,338		26,733,338				26,733,338
	22 May 2024	Development	13,366,669		13,366,669				13,366,669
	22 May 2024	Development	5,769,091		5,769,091				5,769,091
	23 May 2024	Development	65,016,032		65,016,032				65,016,032
	23 May 2024	Development	216,438,652		216,438,652				216,438,652
	23 May 2024	Development	45,195,957		45,195,957				45,195,957
	23 May 2024	Development	132,040,918		132,040,918				132,040,918
	23 May 2024	Development	50,314,111		50,314,111				50,314,111
	23 May 2024	Development	39,663,787		39,663,787				39,663,787
	23 May 2024	Development	236,163,658		236,163,658				236,163,658
	23 May 2024	Development	81,284,284		81,284,284				81,284,284
	23 May 2024	Development	70,941,229		70,941,229				70,941,229

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	24 May 2024	Development	1,494,665		1,494,665				1,494,665
	24 May 2024	Development	6,773,563		6,773,563				6,773,563
	24 May 2024	Development	1,771,384		1,771,384				1,771,384
	24 May 2024	Development	7,280,004		7,280,004				7,280,004
	24 May 2024	Development	1,771,384		1,771,384				1,771,384
	24 May 2024	Development	7,638,675		7,638,675				7,638,675
	24 May 2024	Development	1,771,384		1,771,384				1,771,384
	4 Jun 2024	Development	16,327,472		16,327,472				16,327,472
	4 Jun 2024	Development	3,536,986		3,536,986				3,536,986
	4 Jun 2024	Development	3,178,313		3,178,313				3,178,313
	4 Jun 2024	Development	1,676,150		1,676,150				1,676,150
	4 Jun 2024	Development	16,105,001		16,105,001				16,105,001
	4 Jun 2024	Development	346,448,771		346,448,771				346,448,771
	4 Jun 2024	Development	101,926,233		101,926,233				101,926,233
	4 Jun 2024	Development	32,249,986		32,249,986				32,249,986
	4 Jun 2024	Development	62,019,204		62,019,204				62,019,204

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	4 Jun 2024	Development	112,461,491		112,461,491			112,461,491
	4 Jun 2024	Development	161,441,997		161,441,997			161,441,997
	4 Jun 2024	Development	110,782,638		110,782,638			110,782,638
	11 Jun 2024	Development	1,771,384		1,771,384			1,771,384
	11 Jun 2024	Development	7,326,121		7,326,121			7,326,121
	11 Jun 2024	Development	1,764,670		1,764,670			1,764,670
	11 Jun 2024	Development	7,848,179		7,848,179			7,848,179
	11 Jun 2024	Development	1,764,670		1,764,670			1,764,670
	11 Jun 2024	Development	7,484,296		7,484,296			7,484,296
	11 Jun 2024	Development	2,271,618		2,271,618			2,271,618
	11 Jun 2024	Development	698,000		698,000			698,000
	11 Jun 2024	Development	7,710,739		7,710,739			7,710,739
	11 Jun 2024	Development	3,555,802		3,555,802			3,555,802
	11 Jun 2024	Development	48,000		48,000			48,000
	11 Jun 2024	Development	7,710,739		7,710,739			7,710,739
	11 Jun 2024	Development	3,309,729		3,309,729			3,309,729

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	11 Jun 2024	Development	558,550		558,550				558,550
	11 Jun 2024	Development	6,194,064		6,194,064				6,194,064
	14 Jun 2024	Development	(132,040,918)		(132,040,918)				(132,040,918)
	14 Jun 2024	Development	(39,663,787)		(39,663,787)				(39,663,787)
	14 Jun 2024	Development	(44,012,067)		(44,012,067)				(44,012,067)
	14 Jun 2024	Development	(65,016,032)		(65,016,032)				(65,016,032)
	14 Jun 2024	Development	(216,438,652)		(216,438,652)				(216,438,652)
	18 Jun 2024	Development	6,046,300		6,046,300				6,046,300
	25 Jun 2024	Development	70,399,736		70,399,736				70,399,736
	25 Jun 2024	Development	164,266,051		164,266,051				164,266,051
	26 Jun 2024	Development	131,665,035		131,665,035				131,665,035
	26 Jun 2024	Development	42,326,568		42,326,568				42,326,568
			7,399,730,097		7,399,730,097				7,399,730,097
ADB									
	9 Aug 2023	Development	109,125,062		109,125,062				109,125,062
	9 Aug 2023	Development	58,456,700		58,456,700				58,456,700
	9 Aug 2023	Development	86,626,597		86,626,597				86,626,597

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	9 Aug 2023	Development	47,772,021		47,772,021			47,772,021
	9 Aug 2023	Development	24,841,451		24,841,451			24,841,451
	9 Aug 2023	Development	324,042,206		324,042,206			324,042,206
	9 Aug 2023	Development	265,943,542		265,943,542			265,943,542
	9 Aug 2023	Development	95,453,057		95,453,057			95,453,057
	9 Aug 2023	Development	61,478,506		61,478,506			61,478,506
	9 Aug 2023	Development	82,460,015		82,460,015			82,460,015
	9 Aug 2023	Development	152,431,008		152,431,008			152,431,008
	14 Aug 2023	Development	2,119,715		2,119,715			2,119,715
	14 Aug 2023	Development	55,226,547		55,226,547			55,226,547
	14 Aug 2023	Development	63,599,943		63,599,943			63,599,943
	Total		1,429,576,369		1,429,576,369			1,429,576,369
JICA								
	11 Sep 2023	Development	14,945,229		14,945,229			14,945,229

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	11 Sep 2023	Development	8,467,964		8,467,964				8,467,964
	15 Sep 2023	Development	(46,932,465)		(46,932,465)				(46,932,465)
	18 Sep 2023	Development	15,937,826		15,937,826				15,937,826
	18 Sep 2023	Development	8,822,986		8,822,986				8,822,986
	1 Oct 2023	Development	15,507,067		15,507,067				15,507,067
	1 Oct 2023	Development	10,925,305		10,925,305				10,925,305
	4 Oct 2023	Development	77,648,799		77,648,799				77,648,799
	4 Oct 2023	Development	310,595,200		310,595,200				310,595,200
	30 Oct 2023	Development	15,138,209		15,138,209				15,138,209
	30 Oct 2023	Development	7,890,694		7,890,694				7,890,694
	27 Nov 2023	Development	15,044,348		15,044,348				15,044,348
	27 Nov 2023	Development	15,089,331		15,089,331				15,089,331
	20 Dec 2023	Development	341,539,689		341,539,689				341,539,689
	20 Dec 2023	Development	85,384,922		85,384,922				85,384,922
	20 Dec 2023	Development	15,296,827		15,296,827				15,296,827
	20 Dec 2023	Development	9,044,422		9,044,422				9,044,422

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	23 Jan 2024	Development	15,002,463		15,002,463			15,002,463
	23 Jan 2024	Development	10,389,908		10,389,908			10,389,908
	2 Feb 2024	Development	386,261,080		386,261,080			386,261,080
	2 Feb 2024	Development	4,188,671		4,188,671			4,188,671
	11 Mar 2024	Development	395,194,856		395,194,856			395,194,856
	11 Mar 2024	Development	8,717,290		8,717,290			8,717,290
	11 Mar 2024	Development	12,966,811		12,966,811			12,966,811
	25 Mar 2024	Development	14,192,054		14,192,054			14,192,054
	25 Mar 2024	Development	5,260,368		5,260,368			5,260,368
	26 Apr 2024	Development	12,244,377		12,244,377			12,244,377
	26 Apr 2024	Development	14,306,471		14,306,471			14,306,471
	28 May 2024	Development	17,261,623		17,261,623			17,261,623
	Total		1,816,332,326		1,816,332,326			1,816,332,326
KFW	11 Sep 2023	Development	2,490,219		2,490,219			2,490,219
	25 Oct 2023	Development	10,158,018		10,158,018			10,158,018
	25 Oct 2023	Development	28,898,430		28,898,430			28,898,430

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	25 Oct 2023	Development	25,100,853		25,100,853			25,100,853
	25 Oct 2023	Development	994,092		994,092			994,092
	11 Jan 2024	Development	6,715,260		6,715,260			6,715,260
	11 Jan 2024	Development	12,672,584		12,672,584			12,672,584
	25 Apr 2024	Development	243,963,033		243,963,033			243,963,033
	25 Apr 2024	Development	1,298,483,076		1,298,483,076			1,298,483,076
	26 Apr 2024	Development	8,676,533		8,676,533			8,676,533
	26 Apr 2024	Development	13,099,171		13,099,171			13,099,171
	13 Jun 2024	Development	20,551,089		20,551,089			20,551,089
	13 Jun 2024	Development	105,570,507		105,570,507			105,570,507
	Total		1,777,372,865		1,777,372,865			1,777,372,865
IDA								
	1 Jul 2023	Development	(19,834,141)		(19,834,141)			(19,834,141)
	31 Jul 2023	Development	141,083,193		141,083,193			141,083,193
	31 Jul 2023	Development	125,229,175		125,229,175			125,229,175
	30 Aug 2023	Development	7,368,623		7,368,623			7,368,623
	30 Aug 2023	Development	226,306,711		226,306,711			226,306,711
	4 Sep 2023	Development	87,012,287		87,012,287			87,012,287

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	4 Sep 2023	Development	203,028,670		203,028,670			203,028,670
	15 Sep 2023	Development	221,055,118		221,055,118			221,055,118
	15 Sep 2023	Development	33,704,728		33,704,728			33,704,728
	20 Sep 2023	Development	314,012,754		314,012,754			314,012,754
	20 Sep 2023	Development	213,209,402		213,209,402			213,209,402
	20 Sep 2023	Development	154,613,836		154,613,836			154,613,836
	20 Sep 2023	Development	10,609,637		10,609,637			10,609,637
	20 Sep 2023	Development	167,524,531		167,524,531			167,524,531
	3 Oct 2023	Development	249,348,616		249,348,616			249,348,616
	3 Oct 2023	Development	106,863,697		106,863,697			106,863,697
	9 Oct 2023	Development	16,312,155		16,312,155			16,312,155
	9 Oct 2023	Development	23,849,126		23,849,126			23,849,126
	9 Oct 2023	Development	60,998,479		60,998,479			60,998,479
	9 Oct 2023	Development	37,388,053		37,388,053			37,388,053
	12 Oct 2023	Development	21,126,669		21,126,669			21,126,669
	9 Nov 2023	Development	9,465,249		9,465,249			9,465,249
	9 Nov 2023	Development	10,921,502		10,921,502			10,921,502
	9 Nov 2023	Development	10,556,387		10,556,387			10,556,387
	9 Nov 2023	Development	10,858,433		10,858,433			10,858,433
	9 Nov 2023	Development	11,330,941		11,330,941			11,330,941
	9 Nov 2023	Development	9,485,100		9,485,100			9,485,100
	9 Nov 2023	Development	8,944,213		8,944,213			8,944,213
	9 Nov 2023	Development	8,744,527		8,744,527			8,744,527
	9 Nov 2023	Development	8,082,122		8,082,122			8,082,122
	9 Nov 2023	Development	194,644,608		194,644,608			194,644,608
	9 Nov 2023	Development	206,207,881		206,207,881			206,207,881
	16 Nov 2023	Development	233,027,366		233,027,366			233,027,366
	16 Nov 2023	Development	320,460,098		320,460,098			320,460,098
	9 Jan 2024	Development	10,360,195		10,360,195			10,360,195

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	9 Jan 2024	Development	11,044,952		11,044,952			11,044,952
	7 Feb 2024	Development	329,315,237		329,315,237			329,315,237
	7 Feb 2024	Development	136,575,991		136,575,991			136,575,991
	7 Feb 2024	Development	318,677,312		318,677,312			318,677,312
	7 Feb 2024	Development	130,565,567		130,565,567			130,565,567
	7 Feb 2024	Development	418,591,474		418,591,474			418,591,474
	14 Feb 2024	Development	10,192,630		10,192,630			10,192,630
	14 Feb 2024	Development	10,478,050		10,478,050			10,478,050
	14 Feb 2024	Development	10,107,084		10,107,084			10,107,084
	14 Feb 2024	Development	11,119,802		11,119,802			11,119,802
	14 Feb 2024	Development	10,691,431		10,691,431			10,691,431
	6 Mar 2024	Development	50,211,370		50,211,370			50,211,370
	11 Mar 2024	Development	342,267,219		342,267,219			342,267,219
	11 Mar 2024	Development	84,886,520		84,886,520			84,886,520
	11 Mar 2024	Development	61,799,453		61,799,453			61,799,453
	15 Mar 2024	Development	137,993,276		137,993,276			137,993,276
	11 Apr 2024	Development	223,651,478		223,651,478			223,651,478
	11 Apr 2024	Development	120,427,719		120,427,719			120,427,719
	18 Apr 2024	Development	46,878,809		46,878,809			46,878,809
	18 Apr 2024	Development	307,458,371		307,458,371			307,458,371
	6 May 2024	Development	180,679,111		180,679,111			180,679,111
	6 May 2024	Development	722,716,444		722,716,444			722,716,444
	6 May 2024	Development	113,679,388		113,679,388			113,679,388
	6 May 2024	Development	791,411,278		791,411,278			791,411,278
	14 May 2024	Development	440,518,152		440,518,152			440,518,152
	14 May 2024	Development	43,963,472		43,963,472			43,963,472
	14 May 2024	Development	107,747,548		107,747,548			107,747,548
	14 May 2024	Development	81,045,956		81,045,956			81,045,956

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	21 May 2024	Development	87,558,864		87,558,864				87,558,864
	21 May 2024	Development	204,304,017		204,304,017				204,304,017
	31 May 2024	Development	7,148,224		7,148,224				7,148,224
	31 May 2024	Development	4,710,184		4,710,184				4,710,184
	31 May 2024	Development	8,552,458		8,552,458				8,552,458
	31 May 2024	Development	4,311,949		4,311,949				4,311,949
	31 May 2024	Development	6,569,078		6,569,078				6,569,078
	31 May 2024	Development	3,230,725		3,230,725				3,230,725
	31 May 2024	Development	6,569,078		6,569,078				6,569,078
	31 May 2024	Development	3,215,627		3,215,627				3,215,627
	31 May 2024	Development	6,569,078		6,569,078				6,569,078
	31 May 2024	Development	3,276,516		3,276,516				3,276,516
	31 May 2024	Development	6,814,488		6,814,488				6,814,488
	31 May 2024	Development	2,715,076		2,715,076				2,715,076
	31 May 2024		6,814,488		6,814,488				6,814,488

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		Development						
	31 May 2024	Development	2,665,673		2,665,673			2,665,673
	31 May 2024	Development	6,902,313		6,902,313			6,902,313
	31 May 2024	Development	2,337,001		2,337,001			2,337,001
	4 Jun 2024	Development	3,101,975		3,101,975			3,101,975
	4 Jun 2024	Development	3,139,283		3,139,283			3,139,283
	4 Jun 2024	Development	2,292,883		2,292,883			2,292,883
	4 Jun 2024	Development	5,991,996		5,991,996			5,991,996
	4 Jun 2024	Development	5,284,245		5,284,245			5,284,245
	4 Jun 2024	Development	5,316,098		5,316,098			5,316,098
	4 Jun 2024	Development	5,100,871		5,100,871			5,100,871
	6 Jun 2024	Development	21,125,311		21,125,311			21,125,311
	24 Jun 2024	Development	7,191,743		7,191,743			7,191,743
	24 Jun 2024	Development	6,375,235		6,375,235			6,375,235
	24 Jun 2024	Development	9,775,426		9,775,426			9,775,426

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	24 Jun 2024	Development	5,929,141		5,929,141				5,929,141
	24 Jun 2024	Development	9,688,316		9,688,316				9,688,316
	24 Jun 2024	Development	6,834,445		6,834,445				6,834,445
	24 Jun 2024	Development	4,148,220		4,148,220				4,148,220
	24 Jun 2024	Development	5,926,658		5,926,658				5,926,658
	24 Jun 2024	Development	7,112,426		7,112,426				7,112,426
	24 Jun 2024	Development	5,862,834		5,862,834				5,862,834
	24 Jun 2024	Development	7,625,859		7,625,859				7,625,859
	24 Jun 2024	Development	4,575,654		4,575,654				4,575,654
	24 Jun 2024	Development	6,607,217		6,607,217				6,607,217
	24 Jun 2024	Development	3,406,960		3,406,960				3,406,960
	24 Jun 2024	Development	5,762,669		5,762,669				5,762,669
	24 Jun 2024	Development	3,587,618		3,587,618				3,587,618
	24 Jun 2024	Development	8,266,779		8,266,779				8,266,779
	24 Jun 2024		4,564,369		4,564,369				4,564,369

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		Development					
	24 Jun 2024	Development	5,899,875		5,899,875		5,899,875
	24 Jun 2024	Development	8,307,779		8,307,779		8,307,779
	24 Jun 2024	Development	1,832,685		1,832,685		1,832,685
	24 Jun 2024	Development	2,276,747		2,276,747		2,276,747
	24 Jun 2024	Development	6,398,603		6,398,603		6,398,603
	24 Jun 2024	Development	1,115,076		1,115,076		1,115,076
	Total		9,273,284,867		9,273,284,867		9,273,284,867
	Total for Development Partners(C+D)		23,191,858,526		23,191,858,526		23,191,858,526
Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized		Total Transfers during the Year	
	as per bank statement			Statement of Financial Performance	Capital Fund	Total Transfers during the Year	
KENYA ROADS BOARD	(Appendix III)	Recurrent	27,678,092,960	25,578,092,960	2,100,000,000	27,678,092,960	
MOR & T	(Appendix III)	Development	8,646,773,327	306,554,934	8,340,218,393	8,646,773,327	
IDA	(Appendix III)	Donor Fund	1,495,562,002	-	1,495,562,002	1,495,562,002	
Others	(Appendix III)	Direct Payment	21,696,296,524	-	21,696,296,524	21,696,296,524	
Total			59,516,724,813	25,884,647,894	33,632,076,919	59,516,724,813	

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Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity Ministry of Roads & Transport

Name of Beneficiary entity
 Kenya National Highways Authority Headquarters
 Barabara Plaza, Jomo Kenyatta International Airport (JKIA),
 Off Mazao Road
 P.O. Box 49712 - 00100
 Nairobi, Kenya

Confirmation of amounts received by Kenya National Highways Authority as at 30th June 2024

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
As per Schedules above		27,678,092,960	8,646,773,327	36,324,866,287	
Total		27,678,092,960	8,646,773,327	36,324,866,287	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name CPA Sophie Mwaghashi..... Sign *Sophie Mwaghashi* Date **11 DEC 2024**

Head of Accounts Department - Beneficiary Entity:

Name CPA Chanje Kera..... Sign *Chanje Kera* Date **11 DEC 2024**