

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY PAPERS LAID	
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BY: DAVID	

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MOMBASA GATE BRIDGE CONSTRUCTION  
PROJECT (I) LOAN AGREEMENT NO.KE-P34**

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

**KENYA NATIONAL HIGHWAYS AUTHORITY**



**MINISTRY OF ROADS AND TRANSPORT**



**Kenya National Highways Authority**

*Quality Highways, Better Connections*

**PROJECT NAME: MOMBASA GATE BRIDGE CONSTRUCTION PROJECT (I)**

**IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY**

**PROJECT LOAN NUMBER: KE – P34**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



*Mombasa Gate Bridge Construction Project (I)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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**1. Acronyms and Definition of Terms**

CBK	Central Bank of Kenya
CPA	Certified Public Accountant
Comparative FY	Financial year preceding the current financial year.
EIA	Environmental Impact Assessment
EIK	Environmental Institute of Kenya
FY	Financial Year
GK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KeNHA	Kenya National Highways Authority
KISM	Kenya Institute of Supplies and Management
Kshs.	Kenya Shillings
NEMA	National Environment Management Authority
TNT	National Treasury
PAPs	Project Affected Persons
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
SDG	Sustainable Development Goals
SMART	Specific, Measurable, Achievable, Realistic and Time-bound

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

**Name:** Mombasa Gate Bridge Construction Project

**Objective:**

The objective of the Project is to mitigate traffic congestion and facilitate efficient transportation and logistics, by constructing a bridge linking Mombasa Island and South Mainland (Likoni Area) and related roads improvement, thereby contributing to stimulation of regional economic activities including the proposed Special Economic Zone and economic development in Kenya and neighbouring countries.

**Registered Office Address**

Barabara Plaza  
Jomo Kenyatta International Airport (JKIA) off Mazao Road  
Nairobi Kenya

**Contacts:**

Director General  
Kenya National Highways Authority  
Po Box 49712-00100  
Nairobi  
Telephone: (254) 020 495000  
E-mail: dg@Kenha.co.ke  
Website: www.kenha.co.ke

### **2.2 Project Information**

Project Start Date:	5 <sup>th</sup> December 2019
Project End Date:	30 <sup>th</sup> June 2027
Project Engineer	Eng. Samuel O. Ogege
Project Sponsor:	1. Government of Kenya (GK) 2. Japan International Cooperation Agency (JICA)

## **Mombasa Gate Bridge Construction Project (I)**

**Annual Report and Financial Statements for the financial year ended June 30, 2024**

### **2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of State Department for Roads on behalf of the Ministry of Roads and Transport.
Project number	KE-P34
Strategic goals of the project	The strategic goals of the project are as follows: (i) To relieve traffic congestion and improve traffic smoothness by constructing a bridge between Mombasa Island and Likoni. (ii) Upgrading regional roads, leading to revitalized regional economic activities.
Achievement of strategic goals	The project management aims at implementation of the project in timely, efficient and effective manner.
Other important background information of the project	The project will enhance regional integration, trade, tourism, blue economy and socio-economic development in the coastal region
Current situation that the project was formed to intervene	The project was formed to reduce cost and time of travel between Mombasa Island and Likoni area.
Project duration	The project planned to start on 5 <sup>th</sup> December 2019 and expected to be completed by June 2027

**2.4 Bankers**                      Co-operative Bank of Kenya  
Upper Hill Branch  
Nairobi

National Bank of Kenya  
Hill Branch  
Nairobi

### **2.5 Independent Auditor**

The project is audited by the Office of the Auditor General

### **2.6 Roles and Responsibilities**

List of the people who are working on the project

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Eng. Henry Gakuru	Ag. Director-Development	Registered Civil Engineer	Project Implementing Team Leader
Eng. Samuel Ogege	Deputy Director-Special Projects	Registered Civil Engineer	Project Engineer
Ms Levina Wanyoyi	Deputy Director-Supply Chain Management	Registered Member KISM	Project Procurement Specialist
Mr. Walter Nyatwanga	Deputy Director-	Member EIK, NEMA	Project Social

**Mombasa Gate Bridge Construction Project (I)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

	Environment & Social Interest	Lead Expert	Safeguards Specialist
Mr Chanje Kera	Deputy Director-Finance & Accounts	Certified Public Accountant of Kenya	Project Financial Specialist

**2.7 Funding summary**

The Project is for duration of seven (7) years with the initial planned commencement of 5<sup>th</sup> December 2019 and completion of 30<sup>th</sup> June 2027 with an approved budget of Japanese Yen 47,800,000,000 equivalent to Kshs. 49,047,624,422 as highlighted in the table below:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date - (30 <sup>th</sup> June 2024)		Undrawn balance to date - (30 <sup>th</sup> June 2024)	
	JPY	Kshs	JPY	Kshs	JPY	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
Japan International Cooperation (JICA)	47,800,000,000	49,047,624,422	914,348,663	938,214,013	46,885,651,337	48,109,410,409
<b>(ii) Counterpart Funds</b>						
Government of Kenya (GK)	21,680,628	22,246,513	21,680,628	22,246,513	-	-
<b>Total</b>	<b>47,800,000,000</b>	<b>49,047,624,422</b>	<b>936,029,292</b>	<b>960,460,526</b>	<b>46,885,651,337</b>	<b>48,109,410,409</b>

**B. Application of Funds**

Application of funds	Amount received to date - (30 <sup>th</sup> June 2024)		Cumulative Amount paid to date - (30 <sup>th</sup> June 2024)		Unutilised balance to date - (30 <sup>th</sup> June 2024)	
	JPY	Kshs	JPY	Kshs	JPY	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
Japan International Cooperation (JICA)	914,348,663	938,214,013	914,348,663	938,214,013	-	-
<b>(ii) Counterpart funds</b>						
Government of Kenya(GK)	-	22,246,513	-	22,245,038	-	1,475
<b>Total</b>	<b>914,348,663</b>	<b>960,460,526</b>	<b>914,348,663</b>	<b>960,459,051</b>	<b>-</b>	<b>1,475</b>

**Mombasa Gate Bridge Construction Project (I)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**2.8 Summary of Overall Project Performance:**

(i) Budget performance against actual amounts for current year and for cumulative to-date: -

	FY 2023/2024			Cumulative to-date		
	Budget	Actual	%	Budget	Actual	%
<b>Counterpart Funds - GK</b>	10,057,540	-	-	64,057,540	22,245,038	35%
<b>Loan from Development Partners</b>						
Japan International Cooperation (JICA)	20,000,000	-	-	1,030,000,000	938,214,013	91%
<b>Total</b>	<b>30,057,540</b>	<b>-</b>	<b>-</b>	<b>1,094,057,540</b>	<b>960,459,051</b>	<b>88%</b>

(ii) Physical progress based on outputs, outcome and impacts since project commencement: -

There was no physical progress as at 30<sup>th</sup> June 2024

(iii) Absorption rate for each year since the commencement of the project.

Financial Year	Budget	Actual	Percentage (%)
FY 2023/24	30,057,540	-	0%
FY 2022/23	24,000,000	9,998,525	42%
FY 2021/22	1,010,000,000	946,038,165	94%
FY 2020/21	30,000,000	4,422,361	15%
<b>Total</b>	<b>1,094,057,540</b>	<b>960,459,051</b>	<b>88%</b>

**2.9 Summary of Project Compliance:**

There are no significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants, which has been reported

**3. Statement of Performance against Project's Predetermined Objectives**

**Introduction**

Section 81 (2) (f) / Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, the Accounting Officer include a statement of Mombasa Gate Bridge Construction Project (I) performance against predetermined objectives at the end of each financial year.

The key development objectives of the project are to:

- a) Reduce traffic congestion and improve traffic smoothness between Mombasa Island and South Coast (Likoni) mainland
- b) To improve current traffic status in Mombasa and contribute to development of South Coast undeveloped areas.

**Progress on attainment of Strategic development objectives**

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

Below is the progress on attaining the stated objectives:

<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Making Kenya a newly industrialized, middle income country, providing high quality of life for all its citizens by the year 2030	Efficient and safe transport means between the mainland south and Mombasa Island	Strengthened economic trade within and between the regions	Mitigation of traffic congestion in the urban areas by improved road network
Enhance social economic development of the people along the project road.	Improved air quality along the project road hence improved health among communities along the project road.	Reduced CO2 concentration along the project road as a result of reduced traffic congestion	Project at its initial preparation stage

**4. Environmental and Sustainability Reporting**

Mombasa Gate Bridge Construction Project (I) exists to transform lives. This is our purpose; the driving force behind everything we do. It’s what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

**1. Sustainability strategy and profile**

Sustainable Development Goals (SDGs) 2015-2030 provides a plan of action for the people and their prosperity. Five out of the seventeen goals are pertinent to management of projects being undertaken by the Authority. These are being addressed through the following initiatives;

**Environmental and Sustainability Reporting (Continued)**

- a) *Good health and well-being (SDG 3)*: The Authority strives to undertake Road Safety Audits to identify accident black spots, implement intervention measures and provide road safety education to reduce accidents;
- b) *Gender Equality (SDG 5)*: The Authority encourages mainstreaming of gender equality in project and programmes by incorporating compliance to one third gender rule in procurement and recruitment;
- c) *Industry, innovation and infrastructure (SDG 9)*: The Authority develops quality, reliable, sustainable and resilient infrastructure including regional and trans-border infrastructure to support economic development and human wellbeing with a focus on affordable and equitable access for all;
- d) *Sustainable cities and communities (SDG 11)*: The Authority endeavours to extend the paved road network to hitherto underserved areas in the region to improve nationwide access to high speed and all – weather connectivity; and
- e) *Climate action (SDG 13)*: The Authority endeavours to combat negative impacts of road development through environmental mitigation, climate change measures and compliance with National Environment Management Authority (NEMA) requirements in all development projects

**2. Environmental performance**

The Authority is working towards ensuring environmental sustainability in projects by undertaking tree planting exercises, implementation of road beautification programs, enforcement of reinstatement of used quarries and borrow pits after construction works, undertaking of regular Environmental Impact Assessment (EIA) audits.

The Authority carries out M&E on Environment and Social Management Plan (ESMPs) as well as Environmental Social Impact Assessment (ESIA) audits on projects. While executing works, the Contractor will continue to perform air quality management such as regularly dampening of deviations and other dust-prone accesses to lay dust; Sprinkling of stockpiles (mainly the quarry dust) at the construction camp; control of construction vehicle speed limits along the deviations and dusty accesses; regularly servicing of vehicles and other machinery to control exhaust gas emissions, maintenance of the asphalt and concrete batching plants including the dust collection systems to ensure effectiveness in dust collection.

## Environmental and Sustainability Reporting (Continued)

### 3. Employee welfare

In all its staff appointments, the Authority takes deliberate actions to embrace Equal Employment Opportunity policies, gender mainstreaming, addresses concerns around Persons Living with Disabilities (PWDs) and takes affirmative action in line with prevailing Government Policy guidelines. The Authority prioritizes training to develop technical capacity of staff in the fields of Value Engineering, Project Financing, Project, Contract Management, Performance Based Maintenance and Safety.

### 4. Market place practices

The Authority strives to ensure responsible competition practices through undertaking annual governance audits in projects, monitoring the implementation of policies and further promotes ethical conduct in projects. The Authority equally sensitizes staff on corruption and integrity.

The Authority undertakes to be actively involved in the negotiations during budget sector hearings in order to increase budgetary allocations for projects thus honouring contracts by paying its liabilities on time.

### 5. Community Engagements

During the implementation of the Project, the Authority is committed to remaining a responsible corporate citizen by being accountable for its actions through engaging in Public Participation. The Project's goal in terms of community engagement is to ensure that the projects foster long-term relationships with stakeholders and communities around the project. The aim is not just to build roads that foster development but to ensure collaboration with the local communities to achieve sustainable development. The project staff is also encouraged to give back to society by participating in the Authority's corporate social responsibility projects.

During the project execution, the Contractor is encouraged to offer employment opportunities to the locals as casuals, carry out awareness and education on HIV and protection against the disease and other sexually transmitted diseases.

To enhance social safeguards in projects, the Authority undertakes Resettlement Action Plan (RAP) studies and implements its recommendations, carries out Social Impact Assessments (SIA), undertakes gender mainstreaming and conduct stakeholders' forum to sensitize the public in several cross-cutting issues.

**5. Statement of Project Management Responsibilities**

The Director General, KeNHA and the Project Implementation Team Leader for Mombasa Gate Bridge Construction Project (I) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year 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 Project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) Selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

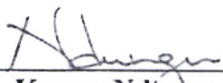
The Director General, KeNHA and the Project Implementation Team Leader accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General, KeNHA and the Project Implementation Team Leader are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.


The Director General, KeNHA and the Project Implementation Team Leader confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial statements**

The Project financial statements were approved by the Director General, KeNHA and the Project Implementation Team Leader on 19 June 2024 and signed by them.

  
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**Eng. Kungu Ndungu**  
Director General

  
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**Eng. Henry Gakuru**  
Director-Development

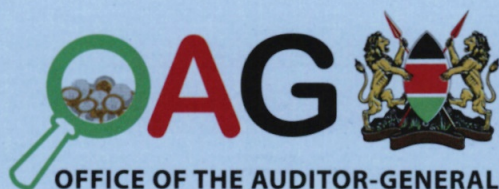
  
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**CPA Chanje Kera**  
Deputy Director (F&A)  
ICPAK Member No. 8279

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000

Email: info@oagkenya.go.ke

Website: www.oagkenya.go.ke



*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON MOMBASA GATE BRIDGE CONSTRUCTION PROJECT (I) LOAN AGREEMENT NO.KE-P34 FOR THE YEAR ENDED 30 JUNE, 2024 - KENYA NATIONAL HIGHWAYS AUTHORITY

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### PREAMBLE

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

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

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

The three parts of the report 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

#### Opinion

I have audited the accompanying financial statements of Mombasa Gate Bridge Construction Project (I) set out on pages 1 to 18, which comprise the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and

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*Report of the Auditor-General on Mombasa Gate Bridge Construction Project (I) Loan Agreement No.KE-P34 for the year ended 30 June, 2024 - Kenya National Highways Authority*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Mombasa Gate Bridge Construction Project (I) as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No. KE-P34 dated 5 December, 2019 between Japanese International Cooperation Agency (JICA) and the Government of the Republic of Kenya and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects receipts final budget and actual on a comparable basis of Kshs.30,057,540 and Kshs.nil, respectively resulting to under-funding of Kshs.30,057,540 or 100% of the budget. Further, the statement reflects payments budget and actual expenditure amount of Kshs.30,057,540 and Kshs.nil, respectively. However, the budget was not utilized implying that there was no activity during the year under review.

#### **2. Slow Absorption of Project Funds**

Paragraph 2.7 of the funding summary indicates that the project was to be implemented within seven (7) years from 5 December, 2019 with the targeted completion date of 30 June, 2027. The donor made a commitment of JPY 47,800,000,000 equivalent to Kshs.49,047,624,422. As at 30 June, 2024, with over four (4) years of the Project duration lapsed, only JPY 914,348,663 equivalent of Kshs.938,214,013 or 2% had been drawn leaving JPY 46,885,651,337 equivalent of Kshs.48,109,410,409 or 98% of Donor commitment undrawn. The absorption rate of funds is slow, an indication that the project may not be completed within the remaining period.

### **3. Pending Accounts Payables**

Note 8 and Annex 4 to the financial statements reflects pending bills balance of Kshs.859,320 owed to a supplier of services which were incurred in the financial year ended 30 June, 2023 but were carried forward to financial year ended 30 June, 2024. The pending bills were outstanding as at 30 June, 2024.

Failure to settle bills during the year to which they relate adversely affects the budgetary provisions for the subsequent year as they form a first charge. The Project runs the risk of incurring significant interest costs and penalties with the continued delay in settling the bills.

My opinion is not modified in respect of these matters.

#### **Key Audit Matters**

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

#### **Other Matter**

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

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 Management and Governance. However, Management had not resolved the issues as at 30 June, 2024.

#### **Other Information**

#### **Conclusion**

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

#### **Basis for Conclusion**

In connection with my audit on the Project'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.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Delayed Commencement of Project**

Review of project records revealed that the implementing agency (KeNHA) had entered into a contract for the provision of project consultancy services on 31 August, 2021 at a contract sum of US\$.36,579,745 (JPY 2,270,091,056). The scope of the consultancy, was to assist in preparation of tender documents, construction supervision, facilitation of implementation of environmental and social monitoring plan and transfer of technology. As at 30 June, 2024, the consultant had been paid advance payments amounting to Kshs.938,214,013 from donor commitments while an amount of Kshs.22,245,038 under the GoK counterpart funds, had been utilized on procurement of goods and services all amounting to a cumulative expenditure of Kshs.960,459,051. Despite the above payments, the project has remained in the preparation phase for a period of over four (4) years.

In the circumstances, the value for money for the amount paid to the consultant could not be confirmed.

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

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

### **Conclusion**

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

## **Basis for Conclusion**

The audit was conducted in accordance with the ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

In preparing the financial statements, Management is responsible for assessing the Project'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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

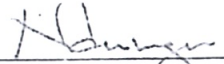
13 November, 2024


*Mombasa Gate Bridge Construction Project (I)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*


**7. Statement of Receipts and Payments for the Year Ended 30th June 2024**

	Note	FY 2023/24			FY 2022/23			Cumulative to date (From inception)
		Receipts & Payments Controlled by the Entity	Payments Made by Third Parties	Total	Receipts & Payments Controlled by the Entity	Payments Made by Third Parties	Total	
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts								
Transfer from Government entities	1	-	-	-	10,000,000	-	10,000,000	22,246,513
Loan from external Development Partners	2	-	-	-	-	-	-	938,214,013
<b>Total Receipts</b>		-	-	-	<b>10,000,000</b>	-	<b>10,000,000</b>	<b>960,460,526</b>
Payments								
Purchase of goods and services	3	-	-	-	9,998,525	-	9,998,525	22,245,038
Acquisition of non-financial assets	4	-	-	-	-	-	-	938,214,013
<b>Total Payments</b>		-	-	-	<b>9,998,525</b>	-	<b>9,998,525</b>	<b>960,459,051</b>
<b>Surplus/(Deficit)</b>		-	-	-	<b>1,475</b>	-	<b>1,475</b>	<b>1,475</b>

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

  
**Eng. Kungu Ndungu**  
 Director General

  
**Eng. Henry Gakuru**  
 Director-Development

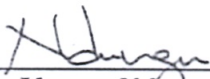
  
**CPA Chanje Kera**  
 Deputy Director (F&A)  
 ICPAK Member No. 8279

**Mombasa Gate Bridge Construction Project (I)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**


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

Description	Notes	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>Financial Assets</b>			
Cash and Cash equivalents	5	1,475	1,475
Total Cash and Cash equivalents		1,475	1,475
<b>Total Financial Assets (A)</b>		<b>1,475</b>	<b>1,475</b>
<b>Financial Liabilities</b>			
Deposits and Retention	6	-	-
<b>Total Financial Liabilities (B)</b>		<b>-</b>	<b>-</b>
<b>Net Financial Assets (A-B)</b>		<b>1,475</b>	<b>1,475</b>
<b>Represented By:</b>			
Fund Balance B/fwd.	7	1,475	-
Prior Year adjustments		-	-
Surplus/Deficit for the year		-	1,475
<b>Net Financial Assets</b>		<b>1,475</b>	<b>1,475</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19 JUL 2024 and signed by:

  
 Eng. Kungu Ndungu  
 Director General

  
 Eng. Henry Gakuru  
 Director-Development

  
 CPA Chanje Kera  
 Deputy Director (F&A)  
 ICPAK Member No. 8279

*Mombasa Gate Bridge Construction Project (I)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

9. Statement of Cashflows for the Year Ended 30th June 2024

Description	Note	FY 2023/24 Kshs	FY 2022/23 Kshs
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Transfer from Government entities	1	-	10,000,000
<b>Total receipts</b>		-	<b>10,000,000</b>
<b>Payments</b>			
Purchase of goods and services	3	-	(9,9998,525)
<b>Total payments</b>		-	<b>(9,9998,525)</b>
<b>Net cash flow from operating activities</b>		-	<b>(1,475)</b>
<b>Cashflow from investing activities</b>			
Acquisition of Assets	4	-	-
<b>Net cash flows from investing activities</b>		-	-
<b>Cashflow from financing activities</b>			
Proceeds from Foreign Borrowings	2	-	-
<b>Net cash flow from financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		-	<b>1,475</b>
<b>Cash &amp; cash equivalent at beginning of the year</b>	5	<b>1,475</b>	-
<b>Cash and cash equivalent at end of the year</b>	5	<b>1,475</b>	<b>1,475</b>

**10. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30<sup>th</sup> June 2024**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfer from Government entities	20,000,000	(9,942,460)	10,057,540	-	10,057,540	0%
Proceeds from borrowings	2,300,000,000	(2,280,000,000)	20,000,000	-	20,000,000	0%
<b>Total Receipts</b>	<b>2,320,000,000</b>	<b>(2,289,942,460)</b>	<b>30,057,540</b>	<b>-</b>	<b>30,057,540</b>	<b>0%</b>
<b>Payments</b>						
Purchase of goods and services	2,320,000,000	(2,289,942,460)	30,057,540	-	30,057,540	0%
Acquisition of non-financial assets				-		
<b>Total Payments</b>	<b>2,320,000,000</b>	<b>(2,289,942,460)</b>	<b>30,057,540</b>	<b>-</b>	<b>30,057,540</b>	<b>0%</b>
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## **11. Significant Accounting Policies**

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

### **a) Statement of compliance and basis of preparation**

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

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

### **b) Reporting entity**

The financial statements are for Mombasa Gate Bridge Construction Project (I) under Kenya National Highways Authority as required by Section 81/ Section 164 of the PFM Act, 2012.

### **c) Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

### **d) Recognition of receipts**

Mombasa Gate Bridge Construction Project (I) recognizes all receipts from various sources when an event occurs, and the related cash is received.

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

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

**Significant Accounting Policies (continued)**

**ii) External Assistance**

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

**iii) Other receipts**

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

**iv) Donations and grants**

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

**v) Proceeds from borrowing.**

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

**vi) Undrawn external assistance**

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

**Significant Accounting Policies (continued)**

**e) Recognition of payments**

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

**i) Compensation to employees**

Salaries, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

**iv) Repayment of borrowing (principal amount)**

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

**Significant Accounting Policies (continued)**

**v) Acquisition of fixed assets**

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

**f) In-kind donations**

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

**g) Cash and cash equivalents**

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

**Significant Accounting Policies (Continued)**

**h) Restriction on cash**

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

**i) Imprests and Advances**

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

**j) Contingent Liabilities**

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public-Private Partnerships etc. The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Significant Accounting Policies (Continued)**

**k) Contingent Assets**

Mombasa Gate Bridge Construction Project (I) 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 Mombasa Gate Bridge Construction Project (I) 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.

**l) Pending bills**

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

**m) Budget**

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

**Significant Accounting Policies (Continued)**

**n) Third-party payments**

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

**o) Exchange rate differences**

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

**p) Comparative figures**

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

**q) Subsequent events**

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

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior year adjustments on the financial statements for the year ended June 30, 2024

## 12. Notes to The Financial Statements

### 1. Transfers from Government Entities

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

Description	FY 2023/24	FY 2022/23	Cumulative
	Kshs	Kshs	to-date
<b>Counterpart funding through Ministry of Transport and Infrastructure</b>			
Counterpart funds Quarter 1	-	10,000,000	10,005,442
Counterpart funds Quarter 2	-	-	5,567,566
Counterpart funds Quarter 3	-	-	3,944,535
Counterpart funds Quarter 4	-	-	2,728,970
<b>Total</b>	<b>-</b>	<b>10,000,000</b>	<b>22,246,513</b>

### 2. Loan from External Development Partners

During the financial period to 30 June 2024, we did not receive funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description	FY 2023/24					FY 2022/23	Cumulative
	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment	Total amount in Kshs	Total amount in Kshs	to date
			Kshs	Kshs	Kshs	Kshs	Kshs
<b>Loans Received from Multilateral Donors</b>							
Japan International Cooperation	-	-	-	-	-	-	938,214,013
<b>Total</b>		-	-	-	-	-	<b>938,214,013</b>

### 3. Purchase of Goods and Services

Item	FY 2023/24			FY 2022/23	Cumulative
	Payments made by the entity in Cash	Payments made by third parties	Total Payments		to Date
	Ksh	Ksh	Ksh	Ksh	Ksh
Domestic Travel & Subsistence	-	-	-	4,926,925	17,173,438
Printing, Adverts & Information Supplies	-	-	-	5,071,600	5,071,600
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,998,525</b>	<b>22,245,038</b>

*Mombasa Gate Bridge Construction Project (I)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

4. Acquisition of Non-Financial Assets

	FY 2023/24			FY 2022/23	Cumulative to-date
	Payments made by the entity in Cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Research, studies, project preparation, design & supervision	-	-	-	-	938,214,013
Civil works	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>938,214,013</b>

5. Cash and Cash Equivalents Carried Forward

	FY 2023/24	FY 2022/23
Description	Kshs	Kshs
Bank accounts (Note 5A)	1,475	1,475
<b>Total</b>	<b>1,475</b>	<b>1,475</b>

5A Bank Accounts

	FY 2023/24	FY 2022/23
	Kshs	Kshs
Local Currency Accounts		
Co-operative Bank of Kenya Exchequer [A/c No. 01141160979900]	1,475	1,475
National Bank of Kenya [A/c No. 0100132733200]	-	-
<b>Total bank account balances</b>	<b>1,475</b>	<b>1,475</b>

6. Deposits and Retentions

There were no deposits and retentions during the Financial Year ended 30<sup>th</sup> June 2024 (FY 2022/23, Nil)

7. Fund Balance Brought Forward

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Bank accounts	1,475	-
Deposits and retention	-	-
<b>Total</b>	<b>1,475</b>	<b>-</b>

**Other Important Disclosures**

**8. Pending Accounts Payable (See Annex 4)**

Description	Balance b/f FY 2022/23	Additions for the year	Paid during the year	Balance c/f FY 2023/24
	Kshs	Kshs	Kshs	Kshs
Construction of civil works	-	-	-	-
Lands Compensation	-	-	-	-
Supply of services	-	859,320	-	859,320
<b>Total</b>	-	<b>859,320</b>	-	<b>859,320</b>

**9. External Assistance**

*a) External assistance relating loans and grants*

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
External assistance received as loans	-	-
<b>Total</b>	-	-

*b) Undrawn external assistance*

Description	Purpose for which the undrawn external assistance may be used	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Undrawn external assistance - loans	Civil works & consultancy services	48,109,410,409	48,109,410,409
<b>Total</b>		<b>48,109,410,409</b>	<b>48,109,410,409</b>

*c) Classes of providers of external assistance*

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Multilateral donors	-	-
<b>Total</b>	-	-

*External assistance for road construction works & supervision consultancy services.*

*d) Non-monetary external assistance*

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Goods	-	-
Services	-	-
<b>Total</b>	-	-

*Mombasa Gate Bridge Construction Project (I)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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**Other Important Disclosures (Continued)**

*e) Purpose and use of external assistance*

	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Acquisition of Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*f) External Assistance paid by Third Parties on behalf of the Entity by Source*

*This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity*

	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**13. Annexes**

**Annex 1: Prior Year Auditor-General's Recommendations**

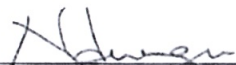
<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status</b>	<b>Timeframe:</b>
1	<p><b><u>Emphasis of Matter</u></b>  <b>Budgetary Control and Performance</b>                      The statement of comparison of budget and actual amounts reflects total budgeted receipts of Kshs.24,000,000 against actual receipts of Kshs.10,000,000 resulting in an under-collection of Kshs.14,000,000 or 58% of the budgeted receipts.                      Similarly, the statement reflects total budgeted expenditure of Kshs.24,000,000 against actual payments of Kshs.9,998,525 resulting in an under-expenditure of Kshs.14,001,475 or 58% of the budgeted expenditure.                      The under-collection of receipts and under-expenditure is an indication that the Project may not have achieved the planned objectives.</p>	<p>We agree with the observation that there was under-expenditure of Kshs 14,001,475 during the FY 2022/23.                      The budget performance has been low as the main Project activities which include construction of a main bridge (cable stayed), approach roads and bridges are yet to start due to delayed submission of design drawings.                      The objective of the Project to mitigate traffic congestion and facilitate efficient transportation and logistics, by constructing a bridge linking Mombasa and South mainland (Likoni Area) and related roads improvement will be achieved once construction works commence.</p>	un-Resolved	31 <sup>st</sup> December 2025
2	<p><b>Slow Absorption of Project Funds</b>                      Paragraph 2.7 of the funding summary indicates that the project was to be implemented in seven (7) years from 5 December, 2019 with targeted completion date of 30 June 2027.</p>	<p>We agree with the observation that the project has absorbed only 2% of the total commitment.</p>	Un-Resolved	31 <sup>st</sup> December 2025

**Mombasa Gate Bridge Construction Project (I)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

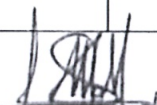
	<p>The Donor had made commitment of JPY 47,800,000,000 equivalent to Kshs.49,047,624,422 to the project. As at 30 June, 2023, halfway the project period, only JPY 914,348,663 (Kshs.938,214,013) or 2% had been drawn leaving Kshs.48,109,410,409 or 98% of Donor commitment undrawn. The absorption rate of funds is slow, an indication that the project may not be completed within the remaining period.</p>	<p>Slow absorption is due to delayed submission of design drawings due to the effects of global COVID-19 pandemic that led to containment measures on movement of people. Further, there was restructuring of the project from five (5) packages to four (4) packages which meant a review of the draft bidding documents by the Authority.</p> <p>The Authority has finalized the review of draft bidding documents and sought for a No Objection from the development partner in order to advertise for works.</p> <p>Once works commence, the Authority will closely monitor the project through monthly site inspections and meetings to ensure that the deliverables are achieved.</p>		
	<p><b>Other Matter</b>  <b>Unresolved prior Year Issues</b></p> <p>In the audit report of the previous year, several issues were raised under Basis for Qualified Opinion and the Report on Lawfulness and Effectiveness in Use of Public Resources Section. Although the project Management indicated the issues as resolved, no evidence was provided to support the position.</p>	<p>We have noted the Auditors observation on unresolved prior year matters.</p> <p>The Authority has already appeared before the Public Accounts Committee and availed its submissions in addition to copies of supporting documents as directed by the Committee to facilitate objective report writing.</p> <p>The Authority is expecting the PAC report to vindicate it from any wrong doing based on the submitted evidence.</p>	Un-Resolved	30 <sup>th</sup> June 2025
4	<p><b>Basis for Conclusion</b>  <b>Delayed Commencement of Project</b></p>			

***Mombasa Gate Bridge Construction Project (I)***  
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	<p>Review of project records revealed that the implementing agency (KeNHA) had entered into a contract for the provision of project consultancy services on 31 August 2021 at a contract sum of US\$.36,579,745 (JPY 2,270,091,056). The scope of the consultancy, was to assist on preparation of tender documents, construction supervision, facilitation of implementation of environmental and social monitoring plan and transfer of technology. The Consultant had been paid advance payments amounting to Kshs.938,214,013 in FY 2021-2022. Despite the advance payments, progress made in the year under review was not supported by approved work plan, status report on the deliverables, minutes, letters from the consultant/donor draft on detailed design and bidding documents.</p> <p>In the circumstances, value for money for the amount paid to the consultant could not be ascertained.</p>	<p>We disagree with the observation that it was not possible to ascertain whether value for money was obtained.</p> <p>The Authority engaged the consultant for provision of consultancy services for tender assistance and construction supervision for the Project which is running for 98 months. The consultancy contract is ongoing and consultant assisting the Authority in preparation of tender documents.</p>	<p>Un-resolved</p>	<p>30<sup>th</sup> June 2025</p>
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**Eng. Kungu Ndungu**  
**Director General**  
 19 JUL 2024

**Date**

  
**Eng. Henry Gakuru**  
**Director-Development**  
 19 JUL 2024

**Date**

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**Annex 2: Variance Explanations - Comparative Budget and Actual Amounts for FY 2023-2024**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilisation Difference</b>	<b>% of Utilisation</b>	<b>Comments on Variance</b>
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Government of Kenya	10,057,540	-	10,057,540	0%	GoK Exchequer not released
External financing	20,000,000	-	20,000,000	0%	Project preparation Stage
<b>Total Receipts</b>	<b>30,057,540</b>	<b>-</b>	<b>30,057,540</b>	<b>0%</b>	
<b>Payments</b>					
Purchase of goods and services	<i>10,057,540</i>	-	10,057,540	0%	GoK Exchequer not released
Acquisition of non-financial assets	<i>20,000,000</i>	-	20,000,000	-	Project preparation Stage
<b>Total Payments</b>	<b>30,057,540</b>	<b>-</b>	<b>30,057,540</b>	<b>0%</b>	

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

	<b>Project Name:</b>	<b>Mombasa Gate Bridge Construction Project (I)</b>	
	<b>Break down of Transfers from the State Department of Roads</b>		
<b>a.</b>	<b>Government Counterpart Funding</b>		
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
	-	-	-
	<b>Total</b>	-	-

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**Annex 4: Analysis of Pending Bills**

Supplier of Goods/Services	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2024	2023	
		a	b	c=a-b		
<b>Consultancy Services</b>						
National Museums of Kenya	18.03.2024	859,320	-	859,320	-	Inv 4911
<b>Sub-total</b>		<b>859,320</b>	-	<b>859,320</b>	-	
<b>Civil Works</b>						
			-	-	-	
<b>Sub-total</b>			-	-	-	
<b>Land Compensation</b>			-	-	-	
<b>Grand-Total</b>		<b>859,320</b>	-	<b>859,320</b>	-	

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**Annex 5: Summary of Fixed Asset Register**

<b>Asset class</b>	<b>Opening Cost</b>	<b>Purchases/Additions in the Year</b>	<b>Disposals in the Year</b>	<b>Closing Cost</b>
	<b>(Kshs)</b>	<b>(Kshs)</b>	<b>(Kshs)</b>	<b>(Kshs)</b>
	<b>FY 2023/24</b>	<b>FY 2023/24</b>	<b>FY 2023/24</b>	<b>FY 2024</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)= (a)+ (b)-(c)</b>
Construction of Roads	938,214,013	-	-	938,214,013
<b>Total</b>	<b>938,214,013</b>	<b>-</b>	<b>-</b>	<b>938,214,013</b>