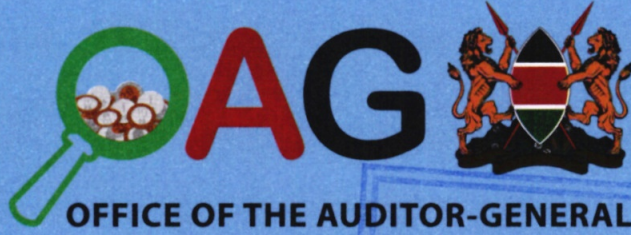
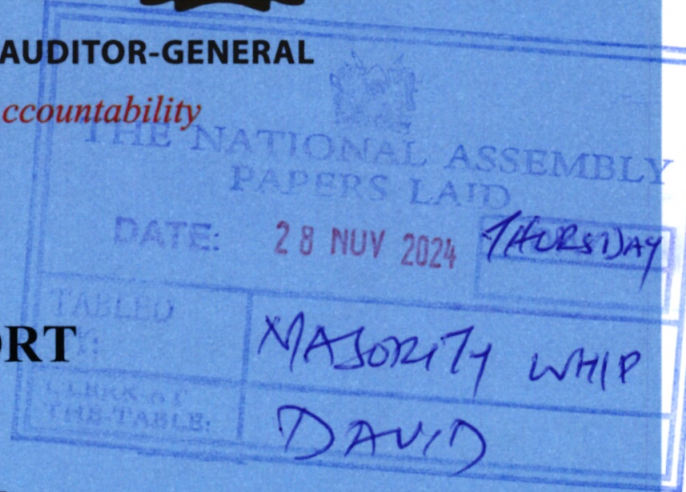


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL URBAN TRANSPORT  
IMPROVEMENT PROJECT  
LOAN NO.5140-KE**

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

**KENYA NATIONAL HIGHWAYS AUTHORITY**



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

07 NOV 2024

RECEIVED

MINISTRY OF ROADS & TRANSPORT



**Kenya National Highways Authority**

Quality Highways, Better Connections

**PROJECT NAME: NATIONAL URBAN TRANSPORT IMPROVEMENT PROJECT**

**IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY**

**PROJECT CREDIT NUMBER: LOAN ID 5140-KE  
PROJECT NO P-126321**

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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)**

*National Urban Transport Improvement Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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***National Urban Transport Improvement Project***  
***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                        |
| EIK    | Environment Institute of Kenya                     |
| EXIM   | Export – Import                                    |
| FY     | Financial Year                                     |
| GK     | Government of Kenya                                |
| ICPAK  | Institute of Certified Public Accountants of Kenya |
| IDA    | International Development Association              |
| IPC    | Interim Payment Certificate                        |
| IPSAS  | International Public Sector Accounting Standards   |
| KeNHA  | Kenya National Highways Authority                  |
| Kshs.  | Kenya Shillings                                    |
| MoRT   | Ministry of Roads and Transport                    |
| NUTRIP | National Urban Transport Improvement Project.      |
| PAPs   | Project Affected Persons                           |
| PFM    | Public Finance Management.                         |
| PSASB  | Public Sector Accounting Standards Board           |
| RMB    | Renminbi   |
| SDG    | Sustainable Development Goals                      |
| SDR    | Special Drawing Right                              |
| TNT    | National Treasury                                  |
| UA     | Unit of Account                                    |
| XDR    | Special Drawing Rights                             |

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

**2. Project Information and Overall Performance**

**2.1 Name and registered office**

|                     |  |
|---------------------|--|
| <b>Project Name</b> | National Urban Transport Improvement Project |
|---------------------|--|

|                           |  |
|---------------------------|--|
| <b>Project Objectives</b> | <ul style="list-style-type: none"> <li>a. Improve the efficiency of road transport along the Northern Corridor</li> <li>b. Improve the institutional capacity and arrangements in the urban transport Subsector</li> <li>c. Promote private sector participation in operation, Financing and Management of transport sector</li> </ul> |
|---------------------------|--|

|   |   |
|---|---|
| <b>Project Registered Office and Physical Location:</b> | The project headquarters offices are at Barabara Plaza, Jomo Kenyatta International Airport, Nairobi, Off Mazao Road (Opposite KCAA Headquarters) |
|---|---|

|                        |                                 |
|------------------------|---------------------------------|
| <b>Project Address</b> | P.O. Box 49712-00100<br>Nairobi |
|------------------------|---------------------------------|

|                  |   |
|------------------|---|
| <b>Contacts:</b> | Telephone: 020-8013842; Email dg@kenha.co.ke; Website www.kenha.co.ke |
|------------------|---|

**2.2 Project Information**

|                                       |   |
|---------------------------------------|---|
| <b>Project Start Date:</b>            | 24 <sup>th</sup> December, 2012   |
| <b>Project End Date:</b>              | 3 <sup>rd</sup> August, 2020 revised to 24 <sup>th</sup> March 2024   |
| <b>Project Engineer</b>               | Eng. Mutii Kivoto.  |
| <b>Project Sponsor:</b>               | <ul style="list-style-type: none"> <li>1. International Development Agency (IDA)</li> <li>2. Government of Kenya</li> </ul> |
| <b>Line Ministry/State Department</b> | The project is under the supervision of the State Department of Roads under Ministry of Roads & Transport.                  |
| <b>Project number</b>                 | P-126321  |

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

**Project Information and Overall Performance (Continued)**

**2.3 Project Overview**

|  |  |
|--|--|
| Strategic goals of the Project                             | <p>The strategic goals of the project are as follows:</p> <ol style="list-style-type: none"> <li>1. To Connect Kenya and other Part of East &amp; Central Africa</li> <li>2. Facilitate Trade and movement of people in East and Central Africa by improving the transit time</li> </ol>   |
| Achievement of strategic goals                             | <p>The project management aims to achieve the goals through the following means:</p> <ol style="list-style-type: none"> <li>1. The Implementation of policy and Institutional reforms in transport Particularly urban Public Transport</li> <li>2. Financing infrastructure improvements to decongest major towns necessary to support Kenya's long-term Development strategy.</li> <li>3. Creation of Institutional capacity to provide oversight and regulatory functions to support the delivery of urban Public the delivery of urban Public Transport Services</li> <li>4. The Preparation of appropriate investment interventions that would promote urban public mass transit systems</li> </ol>  |
| Other important background information of the project      | <p>Upgrade the Urban Road Transport Infrastructure (total cost US\$311.15 million, of which IDA US\$223.26 million). Infrastructure (total cost US\$311.15 million, of which IDA US\$223.26 million). This component will involve:</p> <ol style="list-style-type: none"> <li>a. Expanding and upgrading the Northern Corridor Road section through Nairobi from JKIA turnoff to Rironi.</li> <li>b. Constructing and rehabilitating non-motorized transport facilities including foot paths, cycle tracks, pedestrian bridges, and underpasses.</li> </ol>  |
| Current situation that the project was formed to intervene | <ol style="list-style-type: none"> <li>1. Kenya's economic development strategy.</li> <li>2. Address the mounting pressures on the major urban centres, mainly Nairobi, road and related transport infrastructure and laying the foundation for developing an efficient urban public transport system.</li> <li>3. prepare a model mass transport system aimed at providing affordable and efficient public transport services in urban areas particularly for serving the low-income populations, especially in the CBD of Nairobi and along the developed high-density corridors.</li> <li>4. Build the operational and managerial capacity and efficiency of urban transport agencies in dealing with urbanization and transportation.</li> </ol> |
| Project duration   | <p>The project started on 24<sup>th</sup> December 2012 and was expected to run until 3<sup>rd</sup> August 2020 with a revised completion date of 24<sup>th</sup> March 2024.</p>   |

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

**Project Information and Overall Performance (Continued)**

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

National Bank of Kenya Ltd  
Hill Branch, Nairobi

**2.5 Independent Auditor** Auditor General  
Office of the Auditor General  
P.O Box 30084-00100 GPO  
Nairobi

**2.6 Roles and Responsibility**

| No | Names                    | Title Designation                              | Key Qualification                       | Responsibilities                           |
|----|--------------------------|--|---|--|
| 1  | Eng. Henry Gakuru        | Director-Development                           | Registered Civil Engineer               | Project Implementing Team Leader           |
| 2  | Eng. Mutii Kivoto        | Deputy Director-Development                    | Registered Civil Engineer               | Team Coordinator & construction Specialist |
| 3  | Mr. Walter B. Nyatwang'a | Deputy Director Environment & Social Interests | Registered NEMA Lead expert. Member EIK | Environmental Social Safeguards Specialist |
| 4  | CPA Chanje Kera          | Deputy Director-Finance                        | Certified Public Accountant             | Project Financial Specialist               |
| 5  | Ms. Levina K. Wanyonyi   | Deputy Director-Supply Chain Management        | Registered KISM                         | Project Procurement Specialist             |

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

**Project information and overall performance (continued)**

**2.7 Funding summary**

The Project was for duration of 6 years from 24<sup>th</sup> December 2012 to 31<sup>st</sup> December 2018. Revised completion date is on 24<sup>th</sup> March 2024 with an approved budget of XDR 143,990,000 equivalent to Kshs 19,140,160,545 at exchange rate of 153.47 and Kshs.29,862,488,597 payable by the counterpart GoK. The Development Partner was financing 80% of the total sum as highlighted in the table below:

**A. Source of Funds**

| Source of funds                        | Donor Commitment-  |                       | Amount received to date –<br>(30th June 2024) |                       | Undrawn balance to date |                      |
|--|--------------------|-----------------------|---|-----------------------|-------------------------|----------------------|
|  | <i>XDR</i>         | <i>Kshs</i>           | <i>XDR</i>                                    | <i>Kshs</i>           | <i>XDR</i>              | <i>Kshs</i>          |
|  | (A)                | (A')                  | (B)   | (B')                  | (A)-(B)                 | (A')-(B')            |
| <b>(i) Loan</b>                        |                    |                       |   |                       |                         |                      |
| International Development Agency (IDA) | 143,990,000        | 19,140,160,545        | 22,112,487                                    | 3,127,882,038         | -                       | -                    |
| <b>(ii) Counterpart funds</b>          |                    |                       |   |                       |                         |                      |
| Government of Kenya                    | -                  | 29,862,488,597        | -   | 23,119,967,391        | -                       | 6,742,521,206        |
| <b>Total</b>                           | <b>143,990,000</b> | <b>49,002,649,142</b> | <b>22,112,487</b>                             | <b>26,247,849,429</b> | <b>-</b>                | <b>6,742,521,206</b> |

The undrawn balance from the Development Partner was not utilized since the Financing agreement lapsed in the FY 2018/19 prior to project completion.

**B. Application of Funds**

| Application of funds                   | Amount received to date -<br>(30th June 2024) |                       | Cumulative Amount paid to date - (30th June 2024) |                       | Unutilised balance to date - (30th June 2024) |                   |
|--|---|-----------------------|---|-----------------------|---|-------------------|
|  | <i>XDR</i>                                    | <i>Kshs</i>           | <i>XDR</i>  | <i>Kshs</i>           | <i>XDR</i>                                    | <i>Kshs</i>       |
|  | (A)   | (A')                  | (B)   | (B')                  | (A)-(B)                                       | (A')-(B')         |
| <b>(i) Loan</b>                        |   |                       |   |                       |   |                   |
| International Development Agency (IDA) | 22,112,487                                    | 3,127,882,038         | 22,112,487  | 3,127,882,038         | -   | -                 |
| <b>(ii) Counterpart funds</b>          |   |                       |   |                       |   |                   |
| Government of Kenya (GoK)              | -   | 23,119,967,391        | -   | 23,053,735,865        | -   | 66,231,526        |
| <b>Total</b>                           | <b>22,112,487</b>                             | <b>26,247,849,429</b> | <b>22,112,487</b>                                 | <b>26,181,617,903</b> | <b>-</b>                                      | <b>66,231,526</b> |

**National Urban Transport Improvement Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**Project Information and Overall Performance (Continued)**

**2.8 Summary of Overall Project Performance:**

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

| Budget                                  | 2023-2024            |                      |            | Cumulative            |                       |            |
|---|----------------------|----------------------|------------|-----------------------|-----------------------|------------|
|   | Budget               | Actual               | %          | Budget                | Actual                | %          |
|   | Kshs                 | Kshs                 |            | Kshs                  | Kshs                  |            |
| Counterpart Funds - GoK                 | 1,852,689,534        | 1,766,151,555        | 95%        | 28,523,890,075        | 23,053,735,865        | 81%        |
| Loan from External Development Partners | -                    | -                    | 0%         | 3,127,882,038         | 3,127,882,038         | 100%       |
| <b>Total</b>                            | <b>1,852,689,534</b> | <b>1,766,151,555</b> | <b>95%</b> | <b>31,651,772,113</b> | <b>26,181,617,903</b> | <b>83%</b> |

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

The physical progress as at 30<sup>th</sup> June, 2024; The main road and Feeder roads had been taken over which stands at 75% of total works. The pending works of 25% includes service roads, interchanges, Footbridges, drainages, footpaths and street lighting.

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

| Financial Year | Budget                | Actual                | Percentage (%) |
|----------------|-----------------------|-----------------------|----------------|
| FY 2023/24     | 1,852,689,534         | 1,766,151,555         | 97%            |
| FY 2022/23     | 599,706,956           | 578,862,597           | 97%            |
| FY 2021/22     | 3,179,312,384         | 3,125,165,761         | 98%            |
| FY 2020/21     | 3,469,500,000         | 3,018,744,042         | 87%            |
| FY 2019/20     | 12,869,214,643        | 12,171,940,286        | 95%            |
| FY 2018/19     | 2,290,120,517         | 2,183,509,920         | 95%            |
| FY 2017/18     | 1,421,979,229         | 937,188,158           | 66%            |
| FY 2016/17     | 2,575,190,845         | 2,005,617,302         | 78%            |
| FY 2015/16     | 1,876,020,000         | 99,005,286            | 5%             |
| FY 2014/15     | 178,000,000           | 121,467,516           | 68%            |
| FY 2013/14     | 964,038,005           | 121,761,932           | 13%            |
| FY 2012/13     | 376,000,000           | 52,203,549            | 14%            |
| <b>Total</b>   | <b>31,651,772,113</b> | <b>26,181,617,903</b> | <b>83%</b>     |

- iv. The project the following challenges.
- i. Lack of right of way due to inadequate budget
  - ii. Delayed funding of GoK component due to inadequate budget

**2.9 Summary of Project compliance: -**

There were no significant cases reported of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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

**Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that the Accounting Officer include statement of the national government entity’s performance against predetermined objectives at the end of each financial year.

The key development objectives of the project are to:

- a) Improve road transport services along the corridor by reducing travel time and vehicle operating costs.
- b) Mitigating traffic congestion and associated emissions.
- c) Improving road safety along the road.

**Progress on the attainment of Strategic development objectives**

To implement and cascade 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 to track progress and performance measurement: Below we provide the progress on attaining the stated objectives:

| <b>Project</b>                               | <b>Objective</b>  | <b>Outcome</b>  | <b>Indicator</b>   | <b>Performance</b>              |
|--|---|---|--|---------------------------------|
| National Urban Transport Improvement Project | Improve road transport services along the corridor by reducing travel time and vehicle operating costs. | Reduction in average travel time, vehicle operation cost and accidents between Junction Jomo Kenyatta International Airport (JKIA)-Rironi road. | Time taken to travel from JKIA – Rironi<br>Average vehicle operating costs | The Project is at 75% progress. |
|  | Mitigating traffic congestion and associated emissions.   | Reduction in average travel time from Junction Jomo Kenyatta International Airport (JKIA)   | Reduction in average time taken from JKIA to Rironi                        | The Project is at 75% progress. |
|  | Improving road safety along the road.   | Number of road accidents reduced along Junction JKIA-Rironi Road;   | Reduction in number of accidents reported                                  | The Project is at 75% progress. |

#### **4. Environmental and Sustainability Reporting**

National Urban Transport Improvement Project 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.

##### **i. 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;

- 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.

##### **ii. Environmental performance**

The Authority is working towards ensuring environmental sustainability in projects by undertaking tree planting exercises, implementation of road beautification programs, enforce reinstatement of quarries and borrow pits after construction works, undertakes regular Environmental Impact Assessment (EIA) Audits, carries out M&E on Environment and Social Management Plan (ESMPs) as well as Environmental Social Impact Assessment (ESIA) on projects.

**Environmental and Sustainability reporting (Continued)**

**iii. 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.

**iv. Marketplace practices**

**a) Responsible Supply chain and supplier relations**

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.

**b) Responsible ethical practices**

The Authority equally sensitizes staff on anticorruption and integrity issues.

**c) Regulatory impact assessment**

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.

Further, the Authority endeavours to honour its contractors and vendors payments through paying within the set payment timelines in the contracts and agreements.

**v. 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 project 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 are also encouraged to give back to society by participating in the Authority's corporate social responsibility projects.

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**Environmental and Sustainability reporting (Continued)**

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.

The Project has undertaken some CSR activities such as training of unemployed youth, institutional capacity building, monitoring and evaluation, sensitization and awareness and tree planting.

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**5. Statement of Project Management Responsibilities**

The Director General, KeNHA and the Project Management team leader 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.

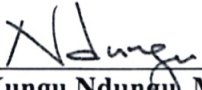
The Director General, KeNHA and the Project Management team leader accept responsibility for the project's Financial Statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with the International Public Sector Accounting Standards.


The Director General, KeNHA and the Project Management team leader are of the opinion that the Project 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 the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader further confirm that completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial Statements as well as on 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 are 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 10 SEP 2024 and signed by:

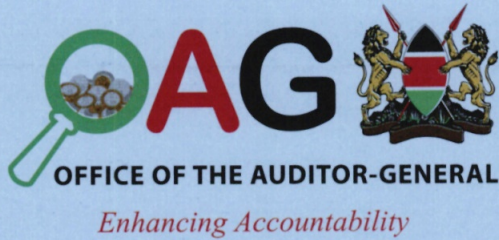
  
\_\_\_\_\_  
**Eng. Kungu Ndungu, MBS**  
**Director General**

  
\_\_\_\_\_  
**Eng. Henry Gakuru**  
**Director, Development**

  
\_\_\_\_\_  
**CPA Chanje Kera**  
**Deputy Director (F&A)**  
**ICPAK Member No: 8279**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL URBAN TRANSPORT IMPROVEMENT PROJECT LOAN NO.5140-KE 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of National Urban Transport Improvement project-KENHA set out on pages 1 to 29, which comprise of the statement of financial assets as at 30 June, 2024, and the statement of receipts and payments,

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Urban Transport Improvement Project 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 between the International Development Agency (IDA) and the Republic of Kenya dated 26 September, 2012 and the Public Finance Management Act, 2012.

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

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Urban Transport Improvement Project 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. Long Outstanding Pending Bills**

Note 12 under Other Important disclosures to the financial statements reflects pending accounts payables balance of Kshs.4,585,054,465 as analyzed in Annex 4 which comprises of Kshs.2,789,191,279 for construction of civil works and Kshs.1,1795,863,186 for land compensation. The pending bills have been outstanding for long some dating back to May, 2019. No explanation was given why the pending bills did not form first charge in the subsequent years as provided in Regulation 42(1)(a) of Public Finance Management (National Government) Regulations, 2015.

Delayed settlement of the pending bills may result to loss of public funds due to accrued penalties and interest costs on unpaid amounts. Further, failure to clear pending bills in the year to which they relate distorts the budget of the following year as they constitute a first charge on that budget.

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

Review of the financial statements and as disclosed in Note 2.7 on Funding Summary indicates that the Project was for a six (6) year period and funding commitments of Kshs.19,140,160,545 and Kshs.29,862,488,597 from the development partner (Donor)

and Government of Kenya (GOK) respectively, all totalling Kshs.49,002,649,142. However, the Project had drawn only an amount of Kshs.3,127,882,038 or 16 % of the total donor funding as 30 June, 2024 compared with 100% project period elapsed an indication of very low project funds absorption.

In the circumstances, the credit may lapse without being fully utilized and the project's planned deliverables earmarked for completion with the funding may not be realized.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Matter**

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

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resource, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2024.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Delayed Project Implementation**

Management entered into a contract between Kenya National Highways Authority and a contractor for rehabilitation and capacity enhancement of James Gichuru Road Junction to Rironi Highway (A104) at a cost of Kshs.16,366,586,563 (inclusive of taxes) and for a period of thirty six (36) months plus twelve (12) months defect liability period. The contract sum was later revised to a sum of Kshs.20,414,794,998 and contract period was extended by four year nine months ending 24 March, 2024. However, review of monthly progress report for June, 2024, revealed that works completed (physical progress) was at 74% against the planned physical progress of 100%. Further the amount of works certified to date is Kshs.15,754,005,980 or 77% of the total contract sum while an amount

of Kshs.12,871,647,971 had been paid. The time elapsed was eighty three (83) months or 101.4% of the contract period.

Further, field inspection carried out on 13 September, 2024 revealed that the contractor was on site but the following works were still pending four months after the set completion date; Structural works- Kangemi Bridge (Km 323+505); Approximately 32Km of service roads; 20.5Km of interchange slip roads; 20No. foot bridges; Approximately 30Km of U-drains; 50KM of footpaths and streetlighting; 4KM Nairobi School internal Access Road Network; 250 metres Kenya Forestry Research Institution (KEFRI) Muguga station internal access road network and parking; Improvement of Kangemi and Kinoo markets in conjunction with the County Governments of Kiambu and Nairobi as proposed in the Resettlement Action Plan prepared for the project.

In addition, as at time of field inspection, September, 2024, the project had accumulated Interest on delayed Payments amounting to Kshs.1,247,395,801 that could have otherwise been avoided. Delay in completion of the road projects will lead to increase in avoidable costs of interest and penalties on delayed payments as well as deny public the benefits that would have accrued from the completed project.

In the circumstances, value for money of Kshs.12,871,647,971 already incurred could not be confirmed.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Agency (IDA), I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Projects financial statements are in agreement with the accounting records and returns.

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

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the 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/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

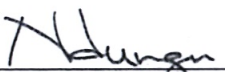
11 November, 2024

**National Urban Transport Improvement Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

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

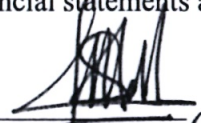
|   | Note | Receipts & payments controlled by the entity | Payments made by third parties | Total                | Receipts & payments controlled by the entity | Payments made by third parties | Total              | Cumulative to-date (From inception) |
|---|------|--|--------------------------------|----------------------|--|--------------------------------|--------------------|-------------------------------------|
|   |      | 2023-2024                                    |                                |                      | 2022-2023                                    |                                |                    |                                     |
|   |      | Kshs   | Kshs                           | Kshs                 | Kshs Restated                                | Kshs                           | Kshs Restated      | Kshs Restated                       |
| <b>Receipts</b>                         |      |  |                                |                      |  |                                |                    |                                     |
| Transfer from Government entities       | 1    | 1,802,689,534                                | -                              | 1,802,689,534        | 607,601,030                                  | -                              | 607,601,030        | 23,107,827,996                      |
| Loan from external development partners | 2    | -  | -                              | -                    | -  | -                              | -                  | 3,127,882,038                       |
| Miscellaneous Receipts                  | 3    | -  | -                              | -                    | 122,288                                      | -                              | 122,288            | 12,139,395                          |
| <b>Total receipts</b>                   |      | <b>1,802,689,534</b>                         | <b>-</b>                       | <b>1,802,689,534</b> | <b>607,723,318</b>                           | <b>-</b>                       | <b>607,723,318</b> | <b>26,247,849,429</b>               |
| <b>Payments</b>                         |      |  |                                |                      |  |                                |                    |                                     |
| Purchase of goods and services          | 4    | 1,773,629                                    | -                              | 1,773,629            | -  | -                              | -                  | 167,130,980                         |
| Acquisition of non-financial assets     | 5    | 1,764,377,926                                | -                              | 1,764,377,926        | 570,628,092                                  | -                              | 570,628,092        | 26,006,015,445                      |
| Other grants and transfers and payments | 6    | -  | -                              | -                    | 8,234,503                                    | -                              | 8,234,503          | 8,471,478                           |
| <b>Total payments</b>                   |      | <b>1,766,151,555</b>                         | <b>-</b>                       | <b>1,766,151,555</b> | <b>578,862,595</b>                           | <b>-</b>                       | <b>578,862,595</b> | <b>26,181,617,903</b>               |
| <b>Surplus/ (deficit)</b>               |      | <b>36,537,979</b>                            | <b>-</b>                       | <b>36,537,979</b>    | <b>28,860,723</b>                            | <b>-</b>                       | <b>28,860,723</b>  | <b>66,231,526</b>                   |

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

  
**Eng. Kungu Ndungu, MBS**  
**Director General**

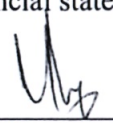
10 SEP 2024

Date

  
**Eng. Henry Gakuru**  
**Director, Development**

10 SEP 2024

Date

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

10 SEP 2024

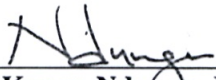
Date

*National Urban Transport Improvement Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

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

| Description                            | Note | 2023-2024<br>Kshs  | 2022-2023<br>Kshs Restated |
|--|------|--------------------|----------------------------|
| <b>Financial Assets</b>                |      |                    |                            |
| Cash and Cash Equivalents              | 7    | 123,412,955        | 70,714,022                 |
| <b>Total Financial Assets (A)</b>      |      | <b>123,412,955</b> | <b>70,714,022</b>          |
| <b>Financial Liabilities</b>           |      |                    |                            |
| Third party Deposits and Retention     | 8    | 57,181,429         | 41,020,475                 |
| <b>Total Financial Liabilities (B)</b> |      | <b>57,181,429</b>  | <b>41,020,475</b>          |
| <b>Net Financial Assets (A-B)</b>      |      | <b>66,231,526</b>  | <b>29,693,547</b>          |
| <b>Represented By:</b>                 |      |                    |                            |
| Fund balance B/fwd.                    | 9    | 29,693,547         | 832,825                    |
| Prior Year adjustments                 |      | -                  | -                          |
| Surplus/(Deficit) for the year         |      | 36,537,979         | 28,860,722                 |
| <b>Net Financial Assets</b>            |      | <b>66,231,526</b>  | <b>29,693,547</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 10 SEP 2024 and signed by:

  
Eng. Kungu Ndungu, MBS  
Director General

  
Eng. Henry Gakuru  
Director Development

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

*National Urban Transport Improvement Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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

|  | Note | 2023-2024              | 2022-2023            |
|--|------|------------------------|----------------------|
| Cashflow from operating activities                       |      | Kshs                   | Kshs Restated        |
| <b>Receipts</b>  |      |                        |                      |
| Transfer from government entities                        | 1    | 1,802,689,534          | 607,601,030          |
| Miscellaneous receipts                                   | 3    | -                      | 122,288              |
| <b>Total Receipts</b>                                    |      | <b>1,802,689,534</b>   | <b>607,723,318</b>   |
| <b>Payments</b>  |      |                        |                      |
| Purchase of goods and services                           | 4    | (1,773,629)            | -                    |
| Miscellaneous payments                                   | 6    | -                      | (8,234,503)          |
| <b>Total Payments</b>                                    |      | <b>(1,773,629)</b>     | <b>(8,234,503)</b>   |
| <b>Net receipts/(payments)</b>                           |      | <b>1,800,915,905</b>   | <b>599,488,815</b>   |
| <b>Adjustments during the year</b>                       |      |                        |                      |
| Prior year adjustments                                   |      | -                      | -                    |
| Increase/(decrease) in accounts payable                  |      | 16,160,954             | 1,964,777            |
| <b>Net cash flow from operating activities</b>           |      | <b>1,817,076,859</b>   | <b>601,453,592</b>   |
| <b>Cashflow from investing activities</b>                |      |                        |                      |
| Acquisition of non-financial assets                      | 5    | (1,764,377,926)        | (570,628,092)        |
| <b>Net cashflow from investing activities</b>            |      | <b>(1,764,377,926)</b> | <b>(570,628,092)</b> |
| <b>Cashflow from financing activities</b>                |      |                        |                      |
| Proceeds from foreign borrowings                         | 2    | -                      | -                    |
| <b>Net cash flow from financing activities</b>           |      | <b>-</b>               | <b>-</b>             |
| <b>Net increase in cash and cash equivalent</b>          |      | <b>52,698,933</b>      | <b>30,825,500</b>    |
| <b>Cash and cash equivalent at beginning of the year</b> |      | <b>70,714,022</b>      | <b>39,888,522</b>    |
| <b>Cash and cash equivalent at end of the year</b>       |      | <b>123,412,955</b>     | <b>70,714,022</b>    |

*National Urban Transport Improvement Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

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

| Receipts/Payments Item              | Original Budget    | Adjustments        | Final Budget         | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------------|-------------------------------|------------------|
|                                     | a                  | b                  | c=a+b                | d                          | e=c-d                         | f=d/c %          |
| <b>Receipts</b>                     |                    |                    |                      |                            |                               |                  |
| Transfer from Government entities   | 990,000,000        | 862,689,534        | 1,852,689,534        | 1,802,689,534              | 50,000,000                    | 97%              |
| Proceeds from borrowings            | -                  | -                  | -                    | -                          | -                             | 0%               |
| <b>Total Receipts</b>               | <b>990,000,000</b> | <b>862,689,534</b> | <b>1,852,689,534</b> | <b>1,802,689,534</b>       | <b>50,000,000</b>             | <b>97%</b>       |
| <b>Payments</b>                     |                    |                    |                      |                            |                               |                  |
| Purchase of goods and services      | 990,000,000        | 862,689,534        | 1,852,689,534        | 1,773,629                  | 86,537,979                    | 95%              |
| Acquisition of non-financial assets |                    |                    |                      | 1,764,377,926              |                               |                  |
| <b>Total Payments</b>               | <b>990,000,000</b> | <b>862,689,534</b> | <b>1,852,689,534</b> | <b>1,766,151,555</b>       | <b>86,537,979</b>             | <b>95%</b>       |
| <b>Surplus or Deficit</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>             | <b>36,537,979</b>          | <b>(36,537,979)</b>           | <b>0%</b>        |

**Note:** The significant budget utilisation/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 the National Urban Transport Improvement Project under Kenya National Highways Authority. The financial statements are for the reporting entity the National Urban Transport Improvement Project as required by Section 81 of the PFM Act, 2012.

### **c) Reporting currency**

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

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

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

#### **i. Transfers from the Exchequer**

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

#### **ii. External Assistance**

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

*National Urban Transport Improvement Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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**Significant Accounting Policies (Continued)**

**iii. Other receipts**

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

**iv. Donations and grants**

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

**v. Proceeds from borrowing**

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

**e) Recognition of payments**

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

**i. Compensation of employees**

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

**ii. Use of goods and services**

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

**iii. Interest on borrowing**

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

**Significant Accounting Policies (Continued)**

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

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

**v. Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

**f) In-kind donations**

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

**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.

**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.

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**Significant Accounting Policies (Continued)**

**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 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

A present obligation that arises from past events but is not recognised because:

It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

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

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

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

**k) Contingent Assets**

National Urban Transport Improvement Project 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 National Urban Transport Improvement Project 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.

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**Significant Accounting Policies (Continued)**

**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 recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**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.

**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 the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

***National Urban Transport Improvement Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**Significant Accounting Policies (Continued)**

**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). Explanations and details of these prior period adjustments are represented ***in note 11 of these financial statements.***

**National Urban Transport Improvement Project**  
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**12. Notes to the Financial Statements**

**1. Transfers from Government entities**

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

| Description   | 2023-2024            | 2022-2023          | Cumulative            |
|---|----------------------|--------------------|-----------------------|
|   | Kshs                 | Kshs               | to-date               |
| <b>Counterpart funding through Ministry of Transport and Infrastructure</b> |                      |                    |                       |
| Counterpart funds Quarter 1   | -                    | 37,500,000         | 2,754,146,023         |
| Counterpart funds Quarter 2   | -                    | -                  | 2,644,656,058         |
| Counterpart funds Quarter 3   | 87,134,241           | 82,500,000         | 1,906,399,479         |
| Counterpart funds Quarter 4   | 1,250,000,000        | 479,706,956        | 15,329,177,069        |
| <b>Total (See Annex 3)</b>  | <b>1,337,134,241</b> | <b>599,706,956</b> | <b>22,634,378,629</b> |
| <b>Other transfers from government entities</b>                             |                      |                    |                       |
| RMLF  | 200,000,000          | -                  | 200,000,000           |
| <b>Total</b>  | <b>200,000,000</b>   | <b>-</b>           | <b>200,000,000</b>    |
| Appropriations-in-Aid   | 265,555,293          | 7,894,074          | 273,449,367           |
| <b>Total</b>  | <b>1,802,689,534</b> | <b>607,601,030</b> | <b>23,107,827,996</b> |

**2. Loan from External Development Partners**

During the 12 months to 30 June 2024, there was no loan received from External Development partners.

| Name of Donor                          | Date Received | Amount received in donor currency | Loans Received as Direct payments | Total amounts in Kshs. |      | Cumulative to date   |            |
|--|---------------|-----------------------------------|-----------------------------------|------------------------|------|----------------------|------------|
|  |               |                                   |                                   | FY 2023/24             |      |                      | FY 2022/23 |
|  |               |                                   |                                   | XDR                    | Kshs |                      | Kshs       |
| International Development Agency (IDA) | FY 2023/24    | -                                 | -                                 | -                      | -    | 3,127,882,038        |            |
| <b>Total</b>                           |               | -                                 | -                                 | -                      | -    | <b>3,127,882,038</b> |            |

*National Urban Transport Improvement Project*  
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Notes to the Financial Statements (Continued)

3. Miscellaneous Receipt

| Description          | 2023-2024                                 |                                      |                | 2022-2023      | Cumulative to-date |
|----------------------|---|--------------------------------------|----------------|----------------|--------------------|
|                      | Receipts controlled by the entity in cash | Receipts controlled by third parties | Total receipts |                |                    |
|                      | Kshs                                      | Kshs                                 | KSh            | Kshs           | Kshs               |
| Bank Interest Income | -   | -                                    | -              | 122,288        | 12,139,395         |
| <b>Total</b>         | -   | -                                    | -              | <b>122,288</b> | <b>12,139,395</b>  |

4. Purchase of Goods and Services

| Description                              | 2023-2024             |                                |                  | 2022-2023      | Cumulative to-date |
|--|-----------------------|--------------------------------|------------------|----------------|--------------------|
|  | Payments made in Cash | Payments made by third parties | Total payments   | Total payments |                    |
|  | Kshs                  | Kshs                           | Kshs             | Kshs           | Kshs               |
| Domestic Travel & Subsistence            | 1,676,069             | -                              | 1,676,069        | -              | 167,033,420        |
| Printing, Adverts & Information Supplies | 97,560                | -                              | 97,560           | -              | 97,560             |
| <b>Total</b>                             | <b>1,773,629</b>      | -                              | <b>1,773,629</b> | -              | <b>167,130,980</b> |

5. Acquisition of Non-Financial Assets

| Description  | 2023-2024             |                                |                      | 2022-2023          | Cumulative to-date    |
|--|-----------------------|--------------------------------|----------------------|--------------------|-----------------------|
|  | Payments made in cash | Payments made by third parties | Total payments       | Total payments     |                       |
|  | Kshs                  | Kshs                           | Kshs                 | Kshs Restated      | Kshs Restated         |
| Research, Studies, Project Preparation, Design & Supervision | -                     | -                              | -                    | 66,256,843         | 1,564,236,065         |
| Construction of Roads  | 1,621,226,401         | -                              | 1,621,226,401        | 399,768,416        | 13,662,066,929        |
| Acquisition of Land  | 143,151,525           | -                              | 143,151,525          | 104,602,833        | 10,779,712,451        |
| <b>Total</b>   | <b>1,764,377,926</b>  | -                              | <b>1,764,377,926</b> | <b>570,628,092</b> | <b>26,006,015,445</b> |

*National Urban Transport Improvement Project  
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Notes to the Financial Statements (Continued)

6. Other Grants, Transfers and Payments

| Description  | 2023-2024             |                                |                | 2022-2023        | Cumulative to-date |
|--|-----------------------|--------------------------------|----------------|------------------|--------------------|
|  | Payments made in Cash | Payments made by third parties | Total Payments |                  |                    |
|  | Kshs                  | Kshs                           | Ksh            | Kshs             | Kshs               |
| Bank Charges   | -                     | -                              | -              | 23,763           | 260,738            |
| Othe payments (bank A/c closure, Transfer to Equity account No. 0810295139897) | -                     | -                              | -              | 8,210,740        | 8,210,740          |
| <b>Total</b>   | <b>-</b>              | <b>-</b>                       | <b>-</b>       | <b>8,234,503</b> | <b>8,471,478</b>   |

7. Cash and Cash Equivalent

| Description            | 2023-2024          | 2022-2023         |
|------------------------|--------------------|-------------------|
|                        | Kshs               | Kshs              |
| Bank accounts (Note 8) | 123,412,955        | 70,714,022        |
| <b>Total</b>           | <b>123,412,955</b> | <b>70,714,022</b> |

7.A Bank Accounts

| Description   | 2023-2024          | 2022-2023         |
|---|--------------------|-------------------|
|   | Kshs               | Kshs Restated     |
| National Bank of Kenya Ltd. Retention [A/c No. 0100132733200] | 57,181,429         | 41,020,475        |
| Co-operative Bank of Kenya [A/c No.01141160979900]            | 66,231,526         | 29,693,547        |
| <b>Total bank account balances</b>                            | <b>123,412,955</b> | <b>70,714,022</b> |

8. Third -Party Deposits and Retention

| Description             | 2023-2024           |                       | 2022-2023           |                       |
|-------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                         | Kshs                |                       | Kshs Restated       |                       |
| Retentions              | 57,181,429          |                       | 41,020,475          |                       |
| <b>Total</b>            | <b>57,181,429</b>   |                       | <b>41,020,475</b>   |                       |
| <b>Ageing analysis:</b> | <b>FY 2023-2024</b> | <b>% of the Total</b> | <b>FY 2022-2023</b> | <b>% of the total</b> |
| Under one year          | 16,160,953          | 28%                   | 1,964,779           | 5%                    |
| 1-2 years               | 1,964,779           | 3%                    | 39,055,697          | 95%                   |
| 2-3 years               | 39,055,697          | 68%                   | -                   | 0%                    |
| Over 3 years            | -                   | 0%                    | -                   | 0%                    |
| <b>Total</b>            | <b>57,181,429</b>   | <b>100%</b>           | <b>41,020,476</b>   | <b>100%</b>           |

**National Urban Transport Improvement Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**Notes to the Financial Statements (Continued)**

**9. Fund Balance Brought Forward**

| Description          | 2023-2024         | 2022-2023         |
|----------------------|-------------------|-------------------|
|                      | Kshs              | Kshs Restated     |
| Bank Accounts        | 123,412,955       | 70,714,022        |
| Deposits & Retention | (57,181,429)      | (41,020,475)      |
| <b>Total</b>         | <b>66,231,526</b> | <b>29,693,547</b> |

**10. Changes in Accounts Payable –Retentions Controlled by the Entity**

| Description  | 2023-2024         | 2022-2023        |
|--|-------------------|------------------|
|  | Kshs              | Kshs             |
| Retentions as at 1st July                              | 41,020,475        | 39,055,697       |
| Closing accounts payables - retentions as at 30th June | 57,181,429        | 41,020,475       |
| Changes in accounts payables - retentions              | <b>16,160,954</b> | <b>1,964,778</b> |

**11. Prior Year Adjustment**

| Description of error                           | Balance b/f FY 2022/2023 as per financial statements | Adjustments   | Adjusted Balance b/f FY 2022/2023 |
|--|--|---------------|-----------------------------------|
| Description                                    | Kshs   | Kshs          | Kshs                              |
| Acquisition of non-financial assets cumulative | 24,200,617,045                                       | 41,020,474    | 24,241,637,519                    |
| Acquisition of non-financial assets FY 22/23   | 568,663,315  | 1,964,777     | 570,628,092                       |
| National Bank account Balances                 | 33,741,085   | 7,279,390     | 41,020,475                        |
| Retention Controlled by the third party        | 33,741,085   | 7,279,390     | 41,020,475                        |
| Fund balance b/f                               | 36,972,937   | (7,279,390)   | 29,693,547                        |
| Pending Bills                                  | 5,801,554,707  | (579,836,821) | 5,221,717,885                     |

**Note:** The above relate to retention amounts for prior years amounting to Kshs. 41,020,474 not included in the cumulative amount of non-financial assets. Of the amount, Kshs. 1,964,777 relates to last financial year and an amount of Kshs. 7,279,390 relates to the FY 2020/21 which was omitted in the financial statements. Further pending bills is in relation to overstated pending balances on land compensation and consultancy services.

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**Other Important Disclosures**

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

| <b>Description</b>          | <b>Balance b/f<br/>2022-2023</b> | <b>Additions for<br/>the year</b> | <b>Paid during<br/>the year</b> | <b>Balance c/f 2023-<br/>2024</b> |
|-----------------------------|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
|                             | <b>Kshs</b>                      | <b>Kshs</b>                       | <b>Kshs</b>                     | <b>Kshs</b>                       |
| Construction of civil works | 3,282,703,174                    | 1,127,714,506                     | 1,621,226,401                   | 2,789,191,279                     |
| Lands Compensation          | 1,939,014,711                    | -                                 | 143,151,525                     | 1,795,863,186                     |
| Supply of services          | -                                | 1,773,629                         | 1,773,629                       | -                                 |
| <b>Total</b>                | <b>5,221,717,885</b>             | <b>1,129,488,135</b>              | <b>1,766,151,555</b>            | <b>4,585,054,465</b>              |

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**13. Annexes**

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

| Ref No. | Issue / Observations from Auditor   | Management comments  | Status:      | Timeframe: |
|---------|---|--|--------------|------------|
| 1       | <p><b><u>Basis for Opinion</u></b><br/> <b>Inaccuracies in the Financial Statements.</b></p> <p>The financial statements prepared and presented for audit had the following anomalies:</p> <ul style="list-style-type: none"> <li>i. The statement of receipts and payments reflects an amount of Kshs.30,825,500 which is at variance with the surplus balance of Kshs.28,860,722 resulting to unexplained and unreconciled variance of Kshs.1,964,778.</li> <li>ii. The statement of financial assets reflects third party deposits and retention balance of Kshs.33,741,084 as disclosed in Note 10 to the financial statements. However, of review of Notes to the financial statements revealed that Note 10 relates to fund balances brought forward of Kshs.70,714,022 and Note 9 relates to third party deposits and retention monies.</li> </ul> <p>In the circumstances, accuracy of the financial statements could not be confirmed.</p> | <p>We disagree with the auditor's observation that there was unexplained and unreconciled variance of Kshs. 1,964,778 We wish to clarify that this was the net movement in Retention resulting from the addition of Kshs. 1,964,778 retention for Nairobi City water Company. A payment voucher to support the claim was provided during the audit.</p> <p>We agree with the auditor's observation that there was a mix up of the note numbers to the Statement of Financial Assets. This was a regrettable error which was amended during the time audit.</p> | Not Resolved | Continuous |
| 2       | <p><b>Pending Bills</b></p> <p>Review of other important disclosures Note1 to the financial statements reflects pending accounts payables totalling to Kshs.6,251,148,679 which comprises of Kshs.3,732,297,146 for construction of civil works, Kshs.2,513,169,775 for land compensation and Kshs. 5,681,757 for supply of services which was at variance with the total outstanding pending payables at Annex 4 to the financial statements with of Kshs.5,801,554,707</p>  | <p>We agree with the auditor's observation that there was a variance with the total outstanding pending payables at Annex 4 and on Note 1 on Other important disclosures (Note 1, Pending accounts payables) to the financial statements of Kshs.5,801,554,707, This was a regrettable error. The financial statement was amended to reflect the true picture during the time of audit.</p>  | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor  | Management comments   | Status:      | Timeframe: |
|---------|--|---|--------------|------------|
|         | <p>resulting to unexplained and unreconciled variance of Kshs.449,593,972.</p> <p>Further review of annex 4 to the financial statements reflects outstanding balance of Kshs. 5,681,757 in respect of supply of services in favour of one (1) firm, comparative outstanding balance of Kshs.72,481,239 and payment to date of Kshs.673,970 in respect of the firm. However, review of the previous audited financial statements and Note 5 to the financial statements reflects payment to date of an amount of Kshs.26,283,934 and Kshs. 66,256,843 totalling to recalculated payments to date of Kshs. 92,540,777 which is at variance with reported amount of Kshs. 673,970 resulting to unexplained and unreconciled variance of Kshs. 91,866,807. In addition, the outstanding pending accounts payable of Kshs. 3,732,297,146 for construction of civil works and Kshs. 5,681,757 for supply of services were not supported with Interim payment certificates, invoices and fee notes. The unpaid Kshs. 2,513,169,775 for land compensation was not supported with approved list from the National Land Commission and compensation control ledger.</p> <p>In the circumstances, the, accuracy and completeness of Kshs.6, 251,148,679 in respect of outstanding pending bills could not be confirmed.</p> | <p>We agree with the auditor's observation that there was an unexplained and unreconciled variance of Kshs.91,866,807 on annex 4 to the financial statements. This was a regrettable error which was amended in the year of audit.</p> <p>We wish to clarify that Note 5 of the previous financial year's audited financial statements reflected a cumulative total of Kshs.26,283,934 as payments to date comprising of Fee note 66 for Ksh.5,375,942, Fee note 67 for Ksh.11,000,000 and Fee note 672 for Ksh.9,907,991. Therefore, the reported variance of Kshs.673,970 the same was amended to address the variance.</p> <p>In addition, we agree with the auditor's observation that the outstanding pending accounts payable of Kshs.3,732,297,146 for construction of civil works and Kshs. 5,681,757 for supply of services were not supported with Interim payment certificates, invoices and fee notes. Annex 4 was amended and interim payment certificates were provided during audit to support the pending amount.</p> |              |            |
| 3       | <p><b>Variance in the Approved Budget for the Year.</b></p> <p>The statement of comparison of budget and actual amounts of the financial statements report reflects receipt final budget and actual on comparable basis of similar amounts of Kshs. 607,601,030 in respect of transfer from government entities.</p>   | <p>We disagree with the auditor observation that the statement of comparison of budget and actual amounts of the financial statements report reflects an unreconciled variance of Kshs. 7,894,074.</p>  | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor  | Management comments   | Status:      | Timeframe: |
|---------|--|---|--------------|------------|
|         | <p>However, review of the documents provided for audit including the letter from the Ministry of Roads and Transport State Department of Roads 'Ref: MOR&amp;T/R/A114.21/C/VOL.16(87) dated 29 June 2023 forwarding the 2<sup>nd</sup> revised supplementary budget of the approved list of projects included the budget for National Urban Transport Improvement Project(Nutrip)-James Gichuru Junction-Rironi (Uhuru Highway-26kms) with an approved gross budget of an amount of Kshs.599,706,956 resulting to unexplained and unreconciled variance of Kshs.7,894,074.</p> <p>In the circumstances, the accuracy and completeness of the amounts in the statement of comparison of budget and actual amounts could not be confirmed.</p> | <p>We wish to clarify that amount of Kshs. 7,894,074. Was an allocation from the operations and administration funding development works for financial year 2022/2023 Therefore, the total budget is Kshs. 607,601,030. Which is the summation of Kshs. 599,706,956 and Kshs. 7,894,074.</p> <p>Further we wish to note the audit observation was discussed during the project audit exit meeting held on 25<sup>th</sup> October 2023 and the project management had explained the audit observation to the satisfaction of the audit team.</p>  |              |            |
| 4       | <p><b>Unsupported Acquisition Non-Financial Assets.</b></p> <p>The statement of receipts and payments reflects acquisition of non-financial assets amount of Kshs.568,663,315 which includes an amount of Kshs.397,803,639 in respect of rehabilitation of roads, as disclosed in Note 5 to the financial statements. However, review of the payment vouchers provided revealed total payments of Kshs.458,151,036 resulting to unexplained and unreconciled variance of Kshs.60,347,397.</p> <p>In the circumstances, the accuracy and completeness of the expenditure of Kshs.568,663,315 in respect of acquisition of non-financial assets could not be confirmed.</p>  | <p>We disagree with the auditor's observation that the total payments of Kshs. 458,151,036 relating to acquisition of non-financial assets had an unexplained and unreconciled variance of Kshs. 60,347,397. We wish to clarify that the acquisition of Non-financial Assets totalled Kshs. 568,663,315.</p> <p>We also wish to state that these payment vouchers were provided to the auditor during the audit exercise. Further we wish to note the audit observation was discussed during the project audit exit meeting held on 25th October 2023 and the project management had explained the audit observation to the satisfaction of the audit team.</p> | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor  | Management comments  | Status:      | Timeframe: |
|---------|--|--|--------------|------------|
| 5       | <p><b>Consultancy Services for Design and Supervision</b></p> <p>The statement of receipts and payments reflects acquisition of non-financial assets of an amount of Kshs.568, 663,315 which includes an amount of Kshs.66, 256,843 in respect of research, studies project preparation design and supervision as disclosed in Note 5 to the financial statements. Review of the supporting documents including payment vouchers and fee notes revealed that the payments were in respect of consultancy services for designs, review and construction supervision of section of A-104 Highway from James Gichuru Road junction to Rironi-Kenya. The contract was awarded to International Consultant and Technocrats PVT Ltd. However, review and tabulations of the fee notes and payment vouchers provided revealed total payments of Kshs.68, 869,883 resulting to unexplained and unreconciled variance of Kshs.2, 613,040. Further review of the fee notes revealed that multiples of payments were made above the approved fee totalling to Kshs.68,869,883 which were at variance with the total certified single fee notes of Kshs.35,705,092 resulting to unexplained and unreconciled variance of Kshs.33,164,791.</p> <p>In the circumstances, the regularity, accuracy and completeness of the payments of an amount of Kshs.66, 256,843 in respect of research, studies project preparation design and supervision could not be confirmed.</p> | <p>We disagree with the auditor observation that there was an unexplained and unreconciled variance of Kshs.2,613,040 for payments made to International Consultant and Technocrats PVT Ltd.</p> <p>We wish to clarify that the total Payments made to International Consultant and Technocrats PVT Ltd for Financial year 2022/2023 was totalling to Kshs Kshs.66, 256,843 and not Kshs.68, 869,883 this was supported by payment vouchers during the audit exercise.</p> <p>We further disagree with the auditor's observation that multiples of payments were made above the approved fee totalling to Kshs.68,869,883 which were at variance with the total certified single fee notes of Kshs.35,705,092 resulting to unexplained and unreconciled variance of Kshs.33,164,791.</p> <p>We wish to clarify that the Fee Notes for International Consultant and Technocrats PVT Ltd are denominated both in USD and Kenya Shillings, the noted variance of Kshs.33,164,791 is actually the amount denominated in USD which is paid alongside the amount denominated in Kenya Shillings.</p> <p>Further we wish to note the audit observation was discussed during the project audit exit meeting held on 25<sup>th</sup> October 2023 and the</p> | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor  | Management comments  | Status:      | Timeframe: |
|---------|--|--|--------------|------------|
|         |  | project management had explained the audit observation to the satisfaction of the audit team.  |              |            |
| 6       | <p><b>Unsupported Acquisition of Lands</b></p> <p>The statement of receipts and payments reflects acquisition of non-financial assets of an amount of Kshs.568,663,315 which includes an amount of Kshs.104,602,833 in respect of acquisition of land and compensation to Project Affected Persons (PAPs) of James Gichuru Road Projects as disclosed in Note 5 to the financial statements. However, review of the supporting documents including payment vouchers and correspondences to National Lands commission and payments to Nairobi School in respect of compensation was totalling to Kshs.74,000,000 resulting to unexplained and unreconciled balance of Kshs. 30,602,833. Further, review of Annex 4 to the annual financial report reflects Nil payments in respect of land compensation during the year under review.</p> <p>In the circumstances, the, accuracy and completeness of the payments of an amount of Kshs.104, 602,833 in respect of acquisition of land could not be confirmed.</p> | <p>We disagree with the auditor’s observation that there was unsupported acquisition of lands. We wish to state that the supporting documents including payment vouchers in respect of land compensation was not totalling to Kshs. 74,000,000 but Kshs.104,602. Therefore, there is no unexplained and unreconciled balance of Kshs. 30,602,833.</p> <p>Further, we disagree wish to clarify that Annex 4 to the annual financial statements report reflect Nil payments in respect of land compensation during the year under review and wish to clarify that there is no provision in the reporting template provided by the National Treasury for reflecting payments for the year under review in annex 4 of the financial statements. We have however shown the amount of payments to date in the revised financial statements.</p> <p>Further we wish to note the audit observation was discussed during the project audit exit meeting held on 25<sup>th</sup> October 2023 and the project management had explained the audit</p> | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor   | Management comments  | Status:      | Timeframe: |
|---------|---|--|--------------|------------|
|         |   | observation to the satisfaction of the audit team.   |              |            |
| 7       | <p><b>Misclassification of expenditure on Acquisition of Lands</b></p> <p>The statement of receipts and payments reflects acquisition of non-financial assets of an amount of Kshs.568, 663,315 which includes an amount of Kshs.104, 602,833 in respect of acquisition of land of as disclosed in Note 5 to the financial statements. However, review of supporting documents including payment vouchers and interim Payment certificate revealed total payments of Kshs.35,602,833 in respect of the construction of dormitory block at Nairobi school vide contract no. D106/NB/NB/2001.The expenditure was wrongly classified under acquisition of lands instead of construction of buildings as per the approved standard chart of accounts.</p> <p>In the circumstance, regularity, accuracy and completeness of the expenditure of an amount of Kshs.35, 602,833 in respect of acquisition of non-financial assets could not be confirmed.</p> | <p>We disagree with the auditor’s observation that there was misclassification of expenditure on Acquisition of Lands.</p> <p>We wish to clarify that following compulsory land acquisition of some of the school’s land to pave way for the road project; restitution was carried out as follows:</p> <p>a. The Rehabilitation and Capacity Enhancement of the James Gichuru Road Junction to Rironi (A8) occasioned compulsory acquisition of some of the school’s land and subsequent demolition of staff bungalows, the school’s perimeter wall and the Main gate to pave way for the road works. The total land measuring approximately 3.3015 Ha (8.1585 Acres) was awarded KES. 23,323,800 as per gazette Notice: 2532 of 16th March 2018.</p> <p>b. This valuation was done for the improvement for restitution which includes a fence, a small structure and gate only, since the land acquired was government land and therefore not compensable. As part of the restitution works, the Nairobi School requested the Kenya National Highways to undertake restitution of the demolished perimeter walling and gate, which have already been executed through</p> | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor  | Management comments  | Status:      | Timeframe: |
|---------|--|--|--------------|------------|
|         |  | <p>the roads work contract. Furthermore, the School requested KeNHA to construct a dormitory, as a Corporate Social Responsibility initiative in lieu of the demolished staff housing. KeNHA, following various correspondences and deliberations with Nairobi School accepted the school's request to construct the dormitory. Moreover, KeNHA advised Nairobi School to seek technical assistance from the State Department of Public Works in preparation of the bid documents and in supervision of the works. We have attached the necessary documentation to support this.</p> <p>Further we wish to note the audit observation was discussed during the project audit exit meeting held on 25<sup>th</sup> October 2023 and the project management had explained the audit observation to the satisfaction of the audit team.</p> |              |            |
| 8       | <p><b>Unsupported Cash and Cash Equivalents</b></p> <p>Note 8A to the financial statements revealed one bank account (KCB-Account No.1138238945) with comparative balance of Ksh.8, 112,215 had a Nil bank balance as at 30 June 2023. The Management indicated that the account was closed on 18 April, 2023. However, the supporting documents including bank statements and certificate of bank balance at the date when the account was closed were not provided for audit review.</p> | <p>We agree with the observation that the bank balance of Kshs.33,741,085 was supported by a certificate of bank balance of Kshs.561,158,482 resulting to unexplained and unreconciled variance of Kshs.527,417,397.</p> <p>This is because the project cash and cash equivalent balance is held at the Co-operative</p>   | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor   | Management comments  | Status: | Timeframe: |
|---------|---|--|---------|------------|
|         | <p>In the circumstances, the regularity, accuracy and completeness of the balance of Kshs.70, 714,022 in respect of cash and cash equivalents could not be confirmed.</p> | <p>Bank of Kenya Ltd account which receives and pays out all Exchequer proceeds to contractors, consultants, vendors, and other project beneficiaries.</p> <p>Please note that the opening, operation, and closure of Authority's bank accounts are guided by: -</p> <ol style="list-style-type: none"> <li>1. Section 28 (1) of the Public Finance Management Act, 2012,</li> <li>2. Part VII: Management of Grants and Donations under the Public Finance Management (National Government) Regulations 2015, specifically Section 71</li> <li>3. Section 82 of the Public Finance Management (National Government) Regulations 2015,</li> <li>4. Duly signed Project Financing Agreement, and</li> <li>5. Section 4.10 of the Authority's Finance Policy on Cash and Treasury Management</li> <li>6. Project Memoranda extracts of the GoK Exchequer bank account statement as at 30<sup>th</sup> June 2023, analysis of the GoK Exchequer account balance as at the close of business on 30<sup>th</sup> June 2023 and a copy of the Authority's approved Finance Policy marked was provided during the audit.</li> </ol> <p>In addition, we disagree with the observation that the supporting documents were not provided for audit review for the Kshs.8,112,215 as indicated on Note 8 the financial statements.</p> |         |            |

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| Ref No. | Issue / Observations from Auditor   | Management comments   | Status:      | Timeframe: |
|---------|---|---|--------------|------------|
|         |   | We wish to clarify that the account which had Nil bank balances as at 30 June,2023 and therefore we didn't receive a certificate of Balance, the balance outstanding in the account was transferred on 6 <sup>th</sup> June 2023.   |              |            |
| 9       | <p><b>Unsupported Third-Party Deposits</b></p> <p>As disclosed in Note 10 to the financial statements, the statement financial assets reflect third party deposits and retentions balance of Kshs.33,741,084 in respect of deposit and retention monies. However, the Management did not provide the interim payment certificate (IPC) detailing the approved and outstanding retention during the project life time.</p> <p>In the circumstances, the regularity, accuracy and completeness of the balance of Kshs.33,741,084 in respect of deposit and retention monies could not be confirmed.</p> | We disagree with the observation that there was Unsupported Third-Party Deposits. We wish to clarify that the retention balance of Kshs.33,741,084 is supported by retention schedule and interim payment certificates were provided during the audit.  | Not Resolved | Continuous |
| 10      | <p><b><u>Other Matters</u></b><br/> <b>Budget Control and Performance</b></p> <p>The statement of comparative budget and actual amounts reflects final budget expenditure and actual on comparable basis of Kshs.607,607,030 and Kshs.576,897,818 resulting to under absorption of Kshs.36,975,949 or 6 % of the budget.</p> <p>The under absorption of funds affected the planned activities and may have impacted negatively on service delivery to the public</p>  | <p>We agree with the observation that the statement of comparative budget and actual amounts reflects final budget expenditure and actual on comparable basis of Kshs.607,607,030 and Kshs.576,897,818 resulting to under absorption of Kshs.36,975,949 or 6 % of the budget.</p> <p>We wish to clarify that the under absorption of Kshs.36,975,949 was occasioned by less exchequer releases by the National Treasury</p> | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor  | Management comments   | Status:      | Timeframe: |
|---------|--|---|--------------|------------|
| 11      | <p><b>Absorption of Project Funds</b></p> <p>As disclosed under Note 2.2 of the Project information, the Project was earmarked to close on 27 August, 2023. However, Paragraph 2.7 of funding summary indicates that the Donor had made commitment amounting of XDR 143,990,000 which is equivalent to Kshs.19, 140,160,545 as at 30 June, 2023. However, actual drawdowns during the project life amounted to XDR 20,380.780 equivalent to Kshs.3, 127,882,038 leaving out XDR 123,609,220 equivalent to Kshs.16, 012.278,507 undrawn or 84% of the expected funding. In the circumstances the credit may lapse without being fully utilized and the Project's planned deliverables earmarked for completion using the funding may not be realized.</p> | <p>We agree with the observation that the credit may lapsed without being fully utilized and the Project's planned deliverables earmarked for completion using the funding may not be realized. We wish to further clarify that the financing agreement was cancelled in December 2018 and thus since January 2019 the project became a government of Kenya funded project, 100%.</p> | Not Resolved | Continuous |
| 12      | <p><b>Unresolved Prior Year Matters</b></p> <p>As disclosed under the progress on follow up of auditor's recommendations section of the financial statements, the prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided satisfactory reasons for the delay in resolving the issues.</p>   | <p>We have noted the auditor's observation on unresolved prior year matters. The Authority is working closely with the Parent Ministry and Office of the Auditor General with an aim of resolving all prior year audit matters.</p>   | Not Resolved | Continuous |
| 13      | <p><b>Project Progress Report</b></p> <p>The project was co-financed by the World Bank (IDA) 80% and the Government of Kenya (GoK) 20% up to 31st December 2018. The financing agreement was cancelled in December 2018 and thus since January 2019 the project became a government of Kenya funded project, 100%. However, Management did not provide project reports, include progress made on compliance with the Safeguards Instruments under the project in compliance with Section I- D of Schedule 2 to the financing agreement.</p>  | <p>We disagree with the observation that management did not provide project reports, include progress made on compliance with the Safeguards Instruments under the project in compliance with Section I- D of Schedule 2 to the financing agreement.</p> <p>We wish to clarify that the progress reports were provided to the auditor during the audit,</p>                           | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor   | Management comments   | Status:      | Timeframe: |
|---------|---|---|--------------|------------|
|         |   | <p>however, we have attached the progress report for further auditor verification.</p> <p>We further clarify that Chapters 7, 8 and 9 of the Monthly progress reports clearly stipulates the social safeguards issues</p>   |              |            |
| 14      | <p><b>Unbudgeted for Pending Bills</b></p> <p>The statement of comparison of budget and actual amounts reflects expenditure final budget and actual on comparable basis of amounts of Kshs. 607,601,031 and Kshs. 576,897,818 resulting to under-absorption of an amount of Kshs. 36,853,661. However, review of the Annex 4 to the financial statements revealed that the Management incurred additional pending bills of 436,824,047 and 46,803,922 in respect of construction of roads and land compensation which were not budgeted for contrary to the provisions of Regulation 31(2) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to budget for and obtain approval for all services which can be foreseen. The additional pending bills were not supported with Interim Payment Certificate (IPC) and approval by the National Lands Commission.</p> | <p>We disagree with the auditor’s observation that Management incurred additional pending bills of Kshs. 436,824,047 and Kshs. 46,803,922 in respect of construction of roads and land compensation which were not budgeted for contrary to the provisions of Regulation 31(2) of the Public Finance Management (National Government) Regulations, 201.</p> <p>We wish to clarify that the project is a multi-year project and the additional pending bills will be paid for in subsequent years budgets.</p> <p>In FY 2023/2024 however, the Project received a budgetary allocation of Kshs 878,554,241 which will be utilized towards settlement of part of the pending bills.</p> | Not Resolved | Continuous |
| 15      | <p><b>Unverified Cost on Land Compensation Cost.</b></p> <p>Review of Note 5 to the financial statement reflects non-financial assets cumulative to date of an amount of Kshs. 24,200,617,045 which includes Kshs. 10,636,560,926 in respect of land acquisition which in turn relates to land compensation for Project Affected Persons (PAPs) of James Gichuru Road Project.</p>  | <p>We agree with the auditor’s observation and wish to clarify that the total amount paid to Project Affected Persons (PAPs) as at 30th June, 2023 is Kshs.10,055,620,001.00 and not Kshs. 10,636,560,926, This was a regrettable error.</p> <p>The difference of Kshs. 580,940,925 will however be corrected and treated as prior year</p>   | Not Resolved | Continuous |

**National Urban Transport Improvement Project**  
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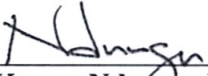
| Ref No. | Issue / Observations from Auditor   | Management comments   | Status: | Timeframe: |
|---------|---|---|---------|------------|
|         | <p>However, review of the list of beneficiaries provided in respect of the outstanding compensation reflects total claim of an amount of Kshs. 12,568,789,776 with unpaid balance of Kshs.2,513,169,775 resulting total payment of Kshs. 10,055,620,001 which is at variance with the accumulated payments of Kshs. 10,636,560,926 as reflected in Note 5 to the financial statements resulting to unexplained variance of Kshs. 580,940,925. Further review of payment schedules to National Lands Commission vide Ref: KeNHA/F/NLC/6/Vol.5/3438 of 13 June, 2023 includes compensation list of amounts 5,466,300, Kshs. 31,080,400 and Kshs. 9,547,940 with part payments were not included in the list of unpaid compensation.</p> <p>In addition, the schedule referenced above, includes compensations amounts of Kshs. 50,864,360 and Kshs. 85,584,815 which had part payments of Kshs. 12,439,822 and Kshs. 2,950,000 respectively resulting to recalculated unpaid amounts of Kshs. 38,424,438 and Kshs. 82,634,815 which are at variance with the outstanding balance from the list provided of Kshs. 2,357,648 and Kshs. 80,689,325 resulting to unexplained variance of Kshs. 36,066,890 and Kshs.1,945,487 respectively.</p> <p>The list of outstanding compensations was also not supported with approved and verified list of beneficiaries from National Land Commission detailing the date of acquisition, size of land and beneficiaries' identities.</p> <p>In the circumstances, the accuracy and completeness of the payments of an amount of Kshs. 10,636,560,926 in respect of cumulative to date payments on land compensation could not be confirmed.</p> | <p>adjustment in the Financial year 2023/2024 financial statements.</p> <p>We wish to clarify the correct position is as follows</p> <ol style="list-style-type: none"> <li>1. The total amount awarded to Project Affected Persons (PAPs) as at 30th June, 2023 is Kshs.12,568,789,776</li> <li>2. Total amount paid to Project Affected Persons (PAPs) as at 30th June, 2023 is Kshs.10,055,620,001.00</li> <li>3. Total amounts paid to Project Affected Persons (PAPs) during the Financial Year 2022-2023 is Kshs.104,602,833.00</li> <li>4. Additional schedule of Project Affected Persons (PAPs) received from National Land Commission during the Financial Year 2022-2023 is Kshs.370,047,450 (See attached schedule from National Land Commission with Ref.no. NLC/1/26/379 dated 1st November, 2022)</li> <li>5. There was a degazetted properties totalling to Kshs.218,640,714 during the financial year.</li> </ol> <p>The list of Project Affected Persons (PAPs) for the James Gichuru Road Project was provided during audit.</p> |         |            |

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| Ref No. | Issue / Observations from Auditor   | Management comments   | Status:      | Timeframe: |
|---------|---|---|--------------|------------|
| 16      | <p><b>Delay in Project Implementation</b></p> <p>Management entered into a contract dated 02 August 2016 between Kenya National Highway Authority and a contractor for rehabilitation and capacity enhancement of James Gichuru Junction- Rironi (A104) at a contract sum of Kshs. 16,366,586,563 (inclusive of taxes) and for a period of thirty-six (36) months plus twelve (12) months defect liability period.</p> <p>Through addendum No. 3, the contract sum was varied by 24.7% (Kshs. 4,048,208,434) to a new contract sum of Kshs. 20,414,794,998 due to revised bills of quantities as a result of additional activities such as Gitaru full cloverleaf interchange, reconstruction of major bridges, Rironi bridge from 1 span to 2 span and introduction of retaining walls in line with urban road design philosophy.</p> <p>Through addendum No. 5 upon approval of extension of time request by the contractor, the contract end date was revised to November 2023 inclusive of defects liability period.</p> <p>As at 30/06/2023 the contractor has to date achieved an overall physical progress of 72.00% and 70.89% financial progress against contractor's planned progress up to June,2023 was 100%. The project progress is lagging by (29.11) % as at the month of June,2023. Overall construction time elapsed is 97.38% equivalent to 2,156 days (71 Months/73 Months). The contract period was extended from 28 November 2023 to 27 August 2024 inclusive of 12 months of the defect liability period but the addendum approving the extension was not provided for audit review. This indicates a slow progress of implementation and consequently, inevitable extension of time as indicated.</p> | <p>We agree with the Auditor's observation of delay in completion of the Project. We wish to clarify that delay in completion of the Project has been due to inadequate GoK budgetary allocation to the Project coupled with late release of Exchequer funds.</p> <p>The Authority will continue working closely with the Parent Ministry and the National Treasury with an aim of securing adequate GoK budgetary provision for the project and timely release of Exchequer funds to enable prompt payment</p> | Not Resolved | Continuous |

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| Ref No. | Issue / Observations from Auditor   | Management comments | Status: | Timeframe: |
|---------|---|---------------------|---------|------------|
|         | <p>Further, physical verification conducted in the month of October 2023 revealed that no works were going on as the contractor had suspended work from March,2022 citing lack of payment. As reported in the previous year audit report, the National Urban Transport Improvement Project had accrued a total of 230,382,944 as interest due to delay in payments of IPC No. 42 dated May 2022.</p> <p>Delay in completion of the road project will lead to increase in avoidable costs of interest and penalties on delayed payments as well as deny the public the benefit that would accrued from the completion of the project in time.</p> <p>In the circumstance, value for money could not be established for the expenditure of Kshs. 24,374,445,874 spent on the project.</p> |                     |         |            |

  
**Eng. Kungu Ndungu, MBS**  
**Director General**  
10 SEP 2024  
**Date**

  
**Eng. Henry Gakuru**  
**Director, Development**  
10 SEP 2024  
**Date**

*National Urban Transport Improvement Project*  
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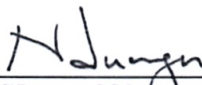
**Annex 2 - Variance explanations - Comparative Budget and Actual amounts for Current FY 2023-2024**


|                                     | <b>Final Budget</b>  | <b>Actual on Comparable Basis</b> | <b>Budget Utilization Difference</b> | <b>% of Utilisation</b> | <b>Comments on Variance</b> |
|-------------------------------------|----------------------|-----------------------------------|--------------------------------------|-------------------------|-----------------------------|
|                                     | <b>a</b>             | <b>b</b>                          | <b>c=a-b</b>                         | <b>d=b/a %</b>          |                             |
| <b>Receipts</b>                     |                      |                                   |                                      |                         |                             |
| Government of Kenya                 | 1,852,689,534        | 1,802,689,534                     | 50,000,000                           | 97%                     |                             |
| External financing                  | -                    | -                                 | -                                    | 0%                      |                             |
| <b>Total Receipts</b>               | <b>1,852,689,534</b> | <b>1,802,689,534</b>              | <b>-50,000,000</b>                   | <b>97%</b>              |                             |
| <b>Payments</b>                     |                      |                                   |                                      |                         |                             |
| Purchase of goods and services      | 1,852,689,534        | 1,773,629                         | 86,537,979                           | 95%                     |                             |
| Acquisition of non-financial assets |                      | 1,764,377,926                     |                                      |                         |                             |
| <b>Total payments</b>               | <b>1,852,689,534</b> | <b>1,766,151,555</b>              | <b>86,537,979</b>                    | <b>95%</b>              |                             |

*National Urban Transport Improvement Project  
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**Annex 3: Reconciliation of inter -entity transfers.**

|  |                      |   |                      |                                       |
|--|----------------------|---|----------------------|---------------------------------------|
|  | <b>Project Name:</b> | <b>National Urban Transport Improvement Project</b> |                      |                                       |
| <b>Breakdown of Transfers from the State Department of Roads</b> |                      |   |                      |                                       |
| <b>A. Government Counterpart Funding</b>                         |                      |   |                      |                                       |
|  | -                    | <u>Bank Statement Date</u>                          | <u>Amount (Kshs)</u> | <u>FY to which the amounts relate</u> |
|  |                      | 13-Mar-24   | 87,134,241           | FY 2023/24                            |
|  |                      | 25-Apr-24   | 1,250,000,000        |                                       |
|  | <b>Total</b>         | <b>Total</b>  | <b>1,337,134,241</b> |                                       |
| <b>B. Direct Payments</b>  |                      |   |                      |                                       |
|  |                      |   | <u>Amount (Kshs)</u> | <u>FY to which the amounts relate</u> |
|  |                      |   | -                    |                                       |
|  |                      |   | -                    |                                       |
|  |                      | <b>Total</b>  | <b>-</b>             |                                       |
| <b>C. Others</b>   |                      |   |                      |                                       |
|  |                      |   | <u>Amount (Kshs)</u> | <u>FY to which the amounts relate</u> |
|  | RMLF                 |   | 200,000,000          |                                       |
|  | AIA                  |   | 265,555,293          |                                       |
|  |                      | <b>Total</b>  | <b>465,555,293</b>   |                                       |
|  |                      | <b>Total (A+B+C)</b>                                | <b>1,802,689,534</b> |                                       |

  
**Eng. Kungu Ndungu, MBS**  
**Director General**

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

*National Urban Transport Improvement Project  
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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 Restated | Comments |
|----------------------------|-----------------|-----------------------|-----------------------|----------------------|------------------------------|----------|
|                            |                 |                       |                       | 2023-2024            | 2022-2023                    |          |
|                            |                 | a                     | b                     | c=a-b                |                              |          |
| <b>Civil Works</b>         |                 |                       |                       |                      |                              |          |
| China Wu Yi                | 13-May-19       | 274,970,290           | 264,162,944           | 10,807,346           | 10,807,346                   | 13       |
| China Wu Yi                | 10-Mar-20       | 246,877,905           | 214,219,764           | 32,658,141           | 32,658,141                   | 21       |
| China Wu Yi                | 10-Feb-20       | 220,048,438           | 165,304,281           | 54,744,157           | 54,744,157                   | 22       |
| China Wu Yi                | 14-Aug-20       | 458,625,512           | 385,664,153           | 72,961,359           | 72,961,359                   | 23       |
| China Wu Yi                | 08-Jul-21       | 451,458,119           | 451,458,119           | -                    | 30,602,833                   | 33       |
| China Wu Yi                | 03-Sep-21       | 343,272,743           | 343,272,743           | -                    | 111,524,692                  | 34       |
| China Wu Yi                | 09-Sep-21       | 377,781,631           | 377,781,631           | -                    | 313,558,753                  | 35       |
| China Wu Yi                | 14-Oct-21       | 397,616,622           | 397,616,622           | -                    | 330,021,796                  | 36       |
| China Wu Yi                | 30-Oct-21       | 377,068,167           | 325,988,476           | 51,079,691           | 321,650,126                  | 37       |
| China Wu Yi                | 07-Dec-21       | 293,582,918           | 293,582,918           | -                    | 243,673,822                  | 38       |
| China Wu Yi                | 29-Jan-22       | 622,746,556           | 398,042,108           | 224,704,448          | 516,879,641                  | 40       |
| China Wu Yi                | 21-Apr-22       | 412,242,311           | 70,081,193            | 342,161,118          | 342,161,118                  | 41       |
| China Wu Yi                | 23-May-22       | 550,003,726           | 85,368,383            | 464,635,343          | 464,635,343                  | 42       |
| China Wu Yi                | 30-Sep-22       | 231,990,443           | -                     | 231,990,443          | 231,990,443                  | 43       |
| China Wu Yi                | 19-Jan-23       | 113,686,749           | -                     | 113,686,749          | 113,686,749                  | 44       |
| China Wu Yi                | 19-Jan-23       | 91,146,855            | -                     | 91,146,855           | 91,146,855                   | 45       |
| China Wu Yi                | 22-Oct-23       | 161,312,684           | -                     | 161,312,684          | -                            | 46       |
| China Wu Yi                | 09-Dec-23       | 93,901,380            | -                     | 93,901,380           | -                            | 47       |
| China Wu Yi                | 19-Feb-24       | 510,294,570           | -                     | 510,294,570          | -                            | 48       |
| China Wu Yi                | 24-Aug-24       | 188,852,462           | -                     | 188,852,462          | -                            | 49       |
| China Wu Yi                | 02-Jul-24       | 144,254,533           | -                     | 144,254,533          | -                            | 50       |
| <b>Sub-total</b>           |                 | <b>6,561,734,614</b>  | <b>3,772,543,335</b>  | <b>2,789,191,279</b> | <b>3,282,703,174</b>         |          |
| <b>Land Compensation</b>   | 16-Jun-22       | 12,575,575,637        | 10,779,712,451        | 1,795,863,186        | 1,939,014,711                |          |
| <b>Grand-Total</b>         |                 | <b>19,143,665,977</b> | <b>14,558,611,513</b> | <b>4,585,054,465</b> | <b>5,221,717,885</b>         |          |

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

| Asset class   | Opening Cost          | Donations in form of assets | Purchases/Additions in the Year | Disposals in the Year | Transfers in/(out) | Closing Cost               |
|---|-----------------------|-----------------------------|---------------------------------|-----------------------|--------------------|----------------------------|
|   | (KSh)                 | Kshs                        | (KSh)                           | (KSh)                 | (KSh)              | (KSh)                      |
|   | 2023-2024             | 2023-2024                   | 2023-2024                       | 2023-2024             | 2023-2024          | 2024                       |
|   | (a)                   | (b)                         | (c)                             | (d)                   | (d)                | (e)= (a)+ (b)+c)-(d)+ (-)d |
| Land  | 10,636,560,926        |                             | 143,151,525                     | -                     | -                  | 10,779,712,451             |
| Construction of Roads   | 12,040,840,528        |                             | 1,621,226,401                   | -                     | -                  | 13,662,066,929             |
| Research, Studies<br>Project preparation<br>design &Supervision | 1,564,236,065         |                             | -                               | -                     | -                  | 1,564,236,065              |
| <b>Total</b>  | <b>24,241,637,519</b> |                             | <b>1,764,377,926</b>            | <b>-</b>              | <b>-</b>           | <b>26,006,015,445</b>      |