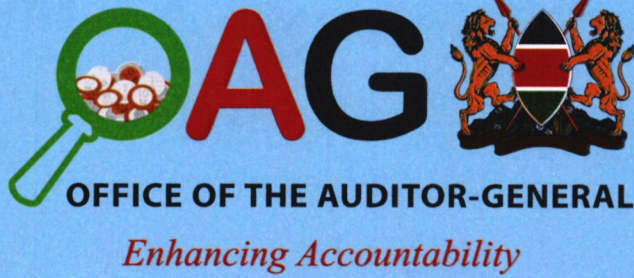


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**REPORT** 7 DEC 2023 *91th/2023*

TABLED BY: *Hon Owen Bayo, CBS, MP*  
*Deputy majority leader*  
*Murran*

OF

**THE AUDITOR-GENERAL**

**ON**

**SAFE ROADS/USALAMA BARABARANI  
CREDIT NUMBER KE/FED/37-778**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**NATIONAL TRANSPORT AND SAFETY  
AUTHORITY**





**PROJECT NAME: SAFE ROADS/USALAMA BARABARANI**

**IMPLEMENTING ENTITY: NATIONAL TRANSPORT AND SAFETY AUTHORITY**

**PROJECT GRANT/CREDIT NUMBER: No KE/FED/037-778**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

---

**Prepared in accordance with the Cash Basis of Accounting Method under the International**

**Public Sector Accounting Standards (IPSAS)**



***Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial year ended June 30<sup>th</sup>, 2023***

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*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

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**Table of Contents**

1. ACRONYMS AND GLOSSARY OF TERMS.....	iii
2. PROJECT INFORMATION AND OVERALL PERFORMANCE.....	iv
3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES.....	ix
4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xiii
5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES.....	xv
6. REPORT OF THE INDEPENDENT AUDITORS ON THE SAFE ROADS / USALAMA BARABARANI PROGRAMME PROJECT.....	xvii
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 <sup>th</sup> JUNE 2023.....	1
8. STATEMENT OF FINANCIAL ASSETS AS AT JUNE 30 <sup>th</sup> , 2023.....	2
9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE, 2023.....	3
10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE, 2023.....	4
11. SIGNIFICANT ACCOUNTING POLICIES.....	5
12. NOTES TO THE FINANCIAL STATEMENTS.....	13
13. ANNEXES.....	19
ANNEX 1 - PRIOR YEAR AUDITOR-GENERAL'S RECOMMENDATIONS.....	19
ANNEX 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR FY 2022/2023.....	21
ANNEX 3: RECONCILIATION OF INTER-ENTITY TRANSFERS.....	23
ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER.....	24
ANNEX 5 – OTHER SUPPORTING DOCUMENTS.....	25



## **I. ACRONYMS AND GLOSSARY OF TERMS**

ACCA	Association of Chartered Certified Accountants
CBK	Central Bank of Kenya
CTSC	County Transport and Safety Committee
CRSAP	County Road Safety Action Plan
EU	European Union
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
NTSA	National Transport and Safety Authority
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
PSV	Public Service Vehicle
PMT	Project Management Team
WB	World Bank
Comparative FY	Financial year preceding the current financial year.



## **2. PROJECT INFORMATION AND OVERALL PERFORMANCE**

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

**Name: SAFE ROADS / USALAMA BARABARANI PROGRAMME**

**Objective:** The overall objective of the grant is to contribute towards enhancing road traffic safety in Kenya through road safety programmes and projects that will see a reduction in the number of fatalities per inhabitant due to road traffic crashes by 15%.

**Address:** The project headquarters offices are Nairobi, Kenya.

The address of its registered office is:

**NATIONAL TRANSPORT AND SAFETY AUTHORITY (NTSA)  
316, Upper Hill Chambers, 2nd Ngong Avenue**

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

Telephone: (254) MOBILE NO: +254 722 477 704

E-mail: [george.njao@ntsa.go.ke](mailto:george.njao@ntsa.go.ke)

Website: [www.ntsa.go.ke](http://www.ntsa.go.ke)

### **2.2 Project Information**

Project Start Date:	The project start date is 1 <sup>st</sup> March 2020
Project End Date:	The project end date is 31 <sup>st</sup> August 2024
Project Manager:	The project manager is Dr Duncan Kibogong
Project Sponsor:	The project sponsor is European Delegation to the Republic of Kenya P.O. Box 45119-00100 Nairobi, Kenya

### **2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Interior & Coordination of National Government Harambee House, Harambee Avenue P.O Box 30510,00100 Nairobi. Tel: +254-20-2227411
Project number	No KE/FED/037-778
Strategic goals of the project	<b>The strategic goal of the project is:</b>



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

		Contribute to strengthen the National Transport and Safety Authority in implementing policies related to road safety and ensuring the provision of safe, reliable and efficient road transport services
Achievement strategic goals	of	<p><b>The project management aims to achieve the goals through the following means:</b></p> <ul style="list-style-type: none"> <li>• Improved capacity of NTSA;</li> <li>• Established County Transport and Safety Committees (CTSCs) to enhance road safety management;</li> <li>• Increased public awareness on road safety;</li> <li>• Improved driver training and testing;</li> <li>• Developed road safety engineering and road safety audits.</li> </ul>
Other important background information of the project		The project pilot counties are <b>Makueni, Nairobi, Nakuru, Kericho, Kisumu and Kakamega</b>
Current situation that the project was formed to intervene		The project was formed to intervene in the following areas: <ul style="list-style-type: none"> <li>(i) Road Safety Management; including Capacity Building of NTSA, County Transport &amp; Safety Committees and Road safety research and audits;</li> <li>(ii) Safer Road Users; including driver training and testing and Road Safety Awareness/Public Education.</li> </ul>
Project duration		The project started on 1 <sup>st</sup> March 2020 and is expected to run until 31 <sup>st</sup> August 2024

#### **2.4 Bankers**

The following are the bankers for the current year:

Kenya Commercial Bank  
Kencom House, Moi Avenue  
Nairobi City Center  
P.o Box 4360-00100  
Nairobi

#### **2.5 Auditors**

Office of the Auditor General  
Anniversary Towers  
P. o. Box 30084-00100  
Nairobi



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

**Expenditure verification**

Deloitte Kenya  
Deloitte Place  
Waiyaki Way, Muthangari  
P. O Box 40092 GPO. 00100  
Nairobi, Kenya  
Phone +254 719 039 00. Email [admin@deloitte.co.ke](mailto:admin@deloitte.co.ke)

**2.6 Roles and Responsibilities**

The following key people will be working on the project;

Names	Title designation	Key qualification	Responsibilities
Mr. George Njao	Director General	Bachelor of Science degree	Overall accountability
Dr. Duncan Kibogong	Deputy Director –Road safety	Master’s Degree in Strategic Management Master’s in Public Health	Head - Project management team (PMT)
Michael Chege	Grant Manager	Bachelor of Commerce degree, ACCA	Budget and reporting

**2.7 Funding summary**

The Project is for duration of 4.5 years from March 2020 to August 2024 with an approved budget of EUR 5,375,000 equivalent to Kshs 685,819,635 as highlighted in the table below:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30th June 2023)		Undrawn balance to date (30th June 2023)	
	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>(i) Grant</b>						
European Commission	4,300,000	548,655,708	2,087,241	266,320,188	2,212,759	282,335,519
<b>(ii) Counterpart funds</b>						
Government of Kenya	1,075,000	137,163,927	112,814	14,394,451	962,186	122,769,476
<b>Total</b>	<b>5,375,000</b>	<b>685,819,635</b>	<b>2,200,055</b>	<b>280,714,639</b>	<b>3,174,945</b>	<b>405,104,996</b>

\*EUR to KES exchange rate used: 127.59, previous period rate used:125.79



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2023)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2023)	Unutilised balance to date (30 <sup>th</sup> June 2023)	
	<i>EUR</i>	<i>Kshs</i>	<i>Kshs</i>	<i>EUR</i>	<i>Kshs</i>
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>					
European Commission	2,087,241	266,320,188	150,927,632	904,370	115,392,556
<b>(ii) Counterpart funds</b>					
Government of Kenya	112,814	14,394,451	14,394,451	-	-
<b>Total</b>	<b>2,200,055</b>	<b>280,714,639</b>	<b>165,322,083</b>	<b>904,370</b>	<b>115,392,556</b>

**2.8 Summary of Overall Project Performance:**

The project is in the third year of implementation and activities undertaken during the period under review were targeted towards the achievement and performance of outputs, outcomes, and impacts.

During the period under review the budget performance was 26% for both counterpart funding and foreign grants. The cumulative performance to date is 41% where foreign grants stood at 49% whereas counterpart funding was 11%.

During the period under review, six County Road Safety Action Plans were developed, validated and adopted. Various road safety campaigns were conducted across various media such as radio, TV, newspaper and digital. The campaigns on TV and radio for each of the prior project years included at least 50 TV and radio stations categorized into; vernacular radio stations with national coverage, community based radio stations, community based television stations and youth content television stations. Sensitization workshops targeting vulnerable groups such as school children, PSV drivers and motorcyclists were also undertaken in the six pilot counties under the project.

Nine road safety audits were also conducted during the period under review. The reports were also finalized and submitted to the respective road agencies for corrective action with an aim to reduce road fatalities and crashes. The programme also trained a total of 35 engineers and road safety officers on road safety audits during the period under review.

The absorption rate for the project was 1% for FY 2019/20, 64% for the FY 2020/21, 21% for the FY 2021/22 and 26% for the FY 2022/23. It is worth noting that whereas that the project duration is for 4.5 years and thus 3.3-year period has lapsed, it was observed that the project activity stagnated significantly following the impact of the Covid-19 pandemic and slow disbursement of funds during its initial stages that led to the loss of around two years at project inception. Other challenges that led to the slow absorption are also highlighted in the next section.



### **2.8.1 Project Implementation Challenges**

- (i) Delayed approval of the project addendum that changed the mode of implementation of the project. This meant that the consultancies under the project could not commence until the addendum was fully approved and signed.
- (ii) The electioneering period saw a slowdown in the implementation of some activities that involved one on one engagement with the vulnerable road users.
- (iii) Lack of counterpart funding from the Government. The GOK counterpart under the FY 2022/23 was revised during the Supplementary Estimates and hence no counterpart was received from the GOK budget. The counterpart received was from the Authority's internally generated revenues which may not be sustainable in the short to medium term.

### **2.8.2 Way Forward**

- (i) Ensure the project is adequately provided for in the Budget through early engagement with the State Department for Transport and The National Treasury.

### **2.9 Summary of Project Compliance:**

In the period under review there were no cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,



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

#### **Introduction**

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

The key development objective of the grant is to contribute to strengthen the National Transport and Safety Authority in implementing policies related to road safety and ensuring the provision of safe, reliable and efficient road transport.

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

For purposes of implementing and cascading the above development objective to specific sectors, the development objective was made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Safe Roads/Usalama Barabarani	contribute to strengthen the National Transport and Safety Authority in implementing policies related to road safety and ensuring the provision of safe, reliable and efficient road transport.	Improved capacity of the NTSA staff as a solid foundation for sustainable Road Transport system in Kenya	% of trained staff	During the FY no staff were trained.  A consultant was procured during the period and finalized the skills gap, training needs analysis and training plan. The report will be implemented in the subsequent period.



***Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)***

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
		Enhanced operations of County Transport and Safety Committees (CTSCs) in the 6 pilot counties	% progress of equipping CTSCs	The procurement of computers is pending budget reallocation for the equipping to be completed.
			No. of draft County Road Safety Action Plans completed	6 CRSAPs were developed, validated and adopted during the period.
		Increased public education and awareness on road safety	% of school curriculum on road safety developed	25% Contract signed with Kenya Institute of Curriculum Development and activities commenced during the period.
			No. of road safety campaigns conducted	Three main campaigns were conducted during the FY.
			No of sensitization workshops held	10 workshops held in the pilot counties
		Improved driver training and testing	% completion of automation for driver testing and training	10% Contract signed and consultancy commenced during the period.



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

Project	Objective	Outcome	Indicator	Performance
		Road safety audits and road safety improvement programmes	No. of road safety audits conducted	During the FY nine RSAs were conducted.

**Sensitization Events**



*Sensitization of boda boda riders and PSV drivers in Naivasha during the month of June 2023.*



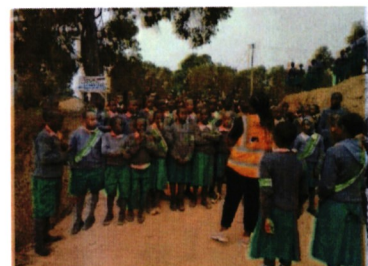
*Sensitization of boda boda riders in Elburgon and Subukia, Nakuru County in May 2023*



*Sensitization of market vendors at Sultan Hamud and Emali markets, Makueni County*



*Sensitization of school children at A.I>C Tusunini and St John Bosco Murungu in Makueni County*





### **Development, Validation and Adoption of CRSAPs**



*CRSAP workshop bringing together the six County Transport and Safety Committees (CTSCs) held in Naivasha in May 2023*

### **Road Safety Audit Training**



*Training of road safety auditors from three road agencies and representatives of the six pilot counties.*

**Road Safety Audit Training Workshop for Road Agencies (KENHA, KERRA & KURU), NTSA and Nairobi, Kisumu, Kakamega, Makeni and Kericho Counties  
The Alps, Nakuru 5th to 7th June 2023**



#### **4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Below is a brief highlight of our activities that drive towards sustainability.

##### **1. Sustainability strategy and profile**

The action targets to initially cover and support six pilot counties out of 47 counties in the country. NTSA will continue with the implementation of interventions and road safety enhancement strategies identified through the project in all the remaining counties to ensure that the programme achieves a sustained positive effect.

##### **2. Environmental Performance**

The Authority is a responsible entity and is committed to ensuring a safe and clean environment devoid of all forms of pollution. During the period ended 30th June 2023, the Authority undertook a tree planting exercise in selected regional offices and regions to promote tree planting and inculcate the culture of afforestation among its key player commonly known as Public Service vehicle.

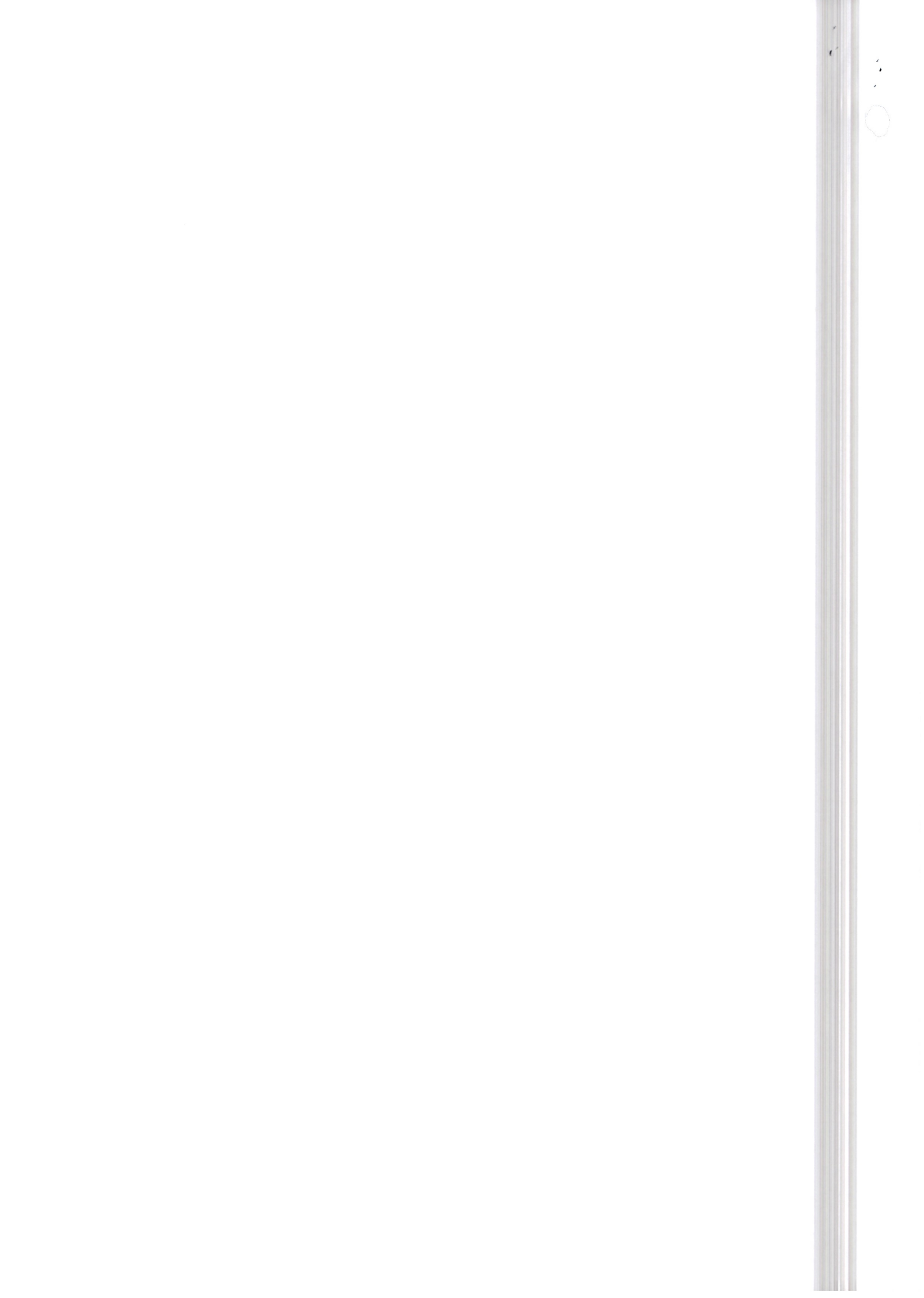
To address reduction of carbon emission by unroadworthy vehicles, the Authority with support from key development partners which include the World bank and the European Union has commenced and partially rolled out within its inspection centres, a component of assessing the level of carbon emission for vehicles under inspection. It is anticipated that as this initiative will go a long way in mitigating the air pollution and in effect contribute to environmental preservation and sustainability.

##### **3. Employee welfare**

The Authority's hiring process is guided by the Human Resource Policies & Procedure manual which in itself is aligned to the Public Service Polices and Employment Act,2007. Moreover, the Authority has in place the Gender & Disability Mainstreaming policies and committees which is used to promote affirmative action on matters Gender and disability in recruitment.

Members of staff are eligible and are in fact trained as part of career progression and capacity building. The Authority has put in place a Career Progression Manual which informs actions taken under staff progression and rewards system. Further, appraisals are done semi-annual and the same has continuously been used as basis for promotion.

As a matter of compliance, the Authority has in place a fully trained committee to deal with matters occupational safety & health at the workplace in accordance with the Occupational Safety and Health Act of 2007, (OSHA.)



The hiring process under the project is guided by the NTSA Human Resources manual and procedures. Staff under the project are also appraised periodically in line with Government procedure, this is undertaken at least twice a year.

**4. Market place practices-**

The organisation should outline its efforts to:

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

Through adherence to the Public Procurement & Disposals Act, Regulations, the project ensures it maintains responsible supplier relations and payment practices by ensuring compliance to credit terms as set out in the various engagements/contracts.

**b) Responsible ethical practices**

The project ensures and maintains ethical and anti- corruption practices and responsible political involvement through adherence to set laws and regulations. In addition the Authority has Integrity Assurance Officers and a Corruption Prevention Committee that reports to the Ethics and Anti-Corruption Commission on a quarterly basis.

**c) Regulatory impact assessment**

The project ensures the rights of citizens and stakeholders are safeguarded during its implementation.

**5. Community Engagements**

The project targets to improve the livelihoods of the community through public education and awareness on road safety. This involves distribution of IEC materials to the targeted groups under the project that includes pedestrians, youth, school children, motorcyclists amongst other key groups.



## **5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Director General for the National Transport and Safety Authority (NTSA) and the Head-Project Management team for Safe Roads / Usalama Barabarani programme are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2023.

This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Director General for the National Transport and Safety Authority and the Head-Project management team for Safe Roads / Usalama Barabarani programme accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General for the National Transport and Safety Authority and the Head- Project management team for Safe Roads / Usalama Barabarani programme are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2023, and of the Project's financial position as at that date. The Director General for National Transport and Safety Authority and the Head of Project management team for Safe Roads / Usalama Barabarani programme further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

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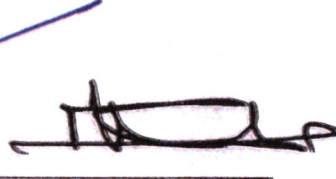
The Director General for the National Transport and Safety Authority and the Head-Project management team for Safe Roads / Usalama Barabarani programme confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial statements**

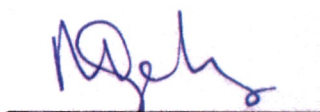
The Project financial statements were approved by the Director General for National Transport and Safety Authority and the Head-Project management team for Safe Roads / Usalama Barabarani programme on 30<sup>th</sup> June, 2023 and signed by them



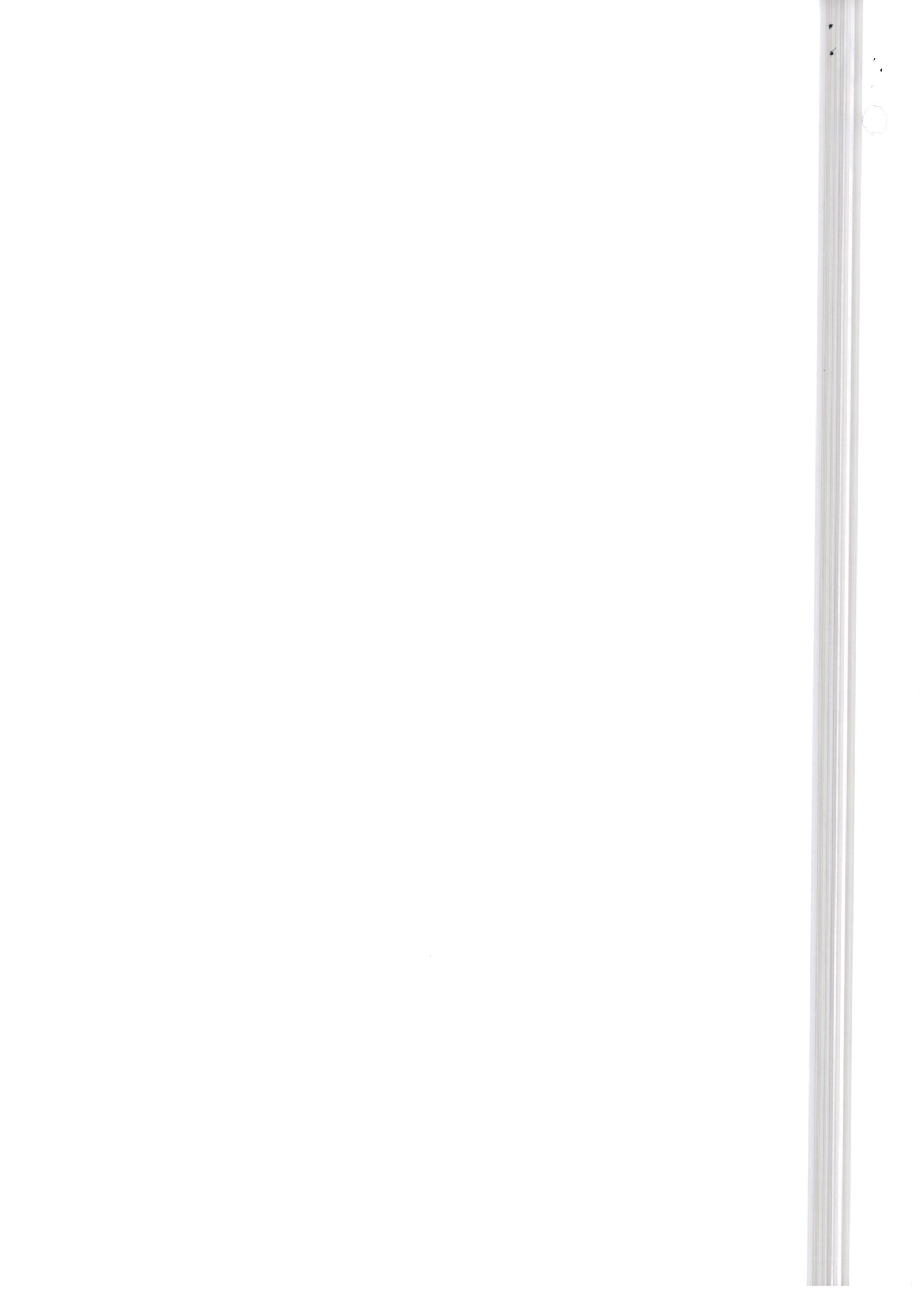
Director General  
George Njao



Head- Project Management Team  
Duncan Kibogong



Grants Manager  
Michael Chege  
ACCA 1721196



# REPUBLIC OF KENYA

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*Enhancing Accountability*

HEADQUARTERS  
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P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON SAFE ROADS/USALAMA BARABARANI CREDIT NUMBER KE/FED/37-778 FOR THE YEAR ENDED 30 JUNE, 2023 – NATIONAL TRANSPORT AND SAFETY 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 Safe Roads/Usalama Barabarani project set out on pages 1 to 21 which comprise of the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flow and the statement of comparison of budget and actual amounts for the year

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*Report of the Auditor-General on Safe Roads/ Usalama Barabarani project Credit Number KE/FED/037-778 for the year ended 30 June, 2023 - National Transport and Safety Authority*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Safe Roads/Usalama Barabarani project Credit Number: KE/FED/037-778 as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement between the European Commission and the Republic of Kenya dated 25 April, 2016 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Safe Roads/Usalama Barabarani 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. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects total budgeted receipts amount of Kshs.205,136,159 against actual receipts amount of Kshs.4,341,481 resulting in an under-collection of Kshs.200,794,678 or 98% of the budget. Similarly, the statement reflects total budgeted expenditure of Kshs.205,136,159 against actual payments of Kshs.53,642,156 resulting in an under-expenditure of Kshs.151,494,003 or 74% of the budgeted expenditure. Major under-expenditures of budgeted amount were noted under purchase of goods and services and acquisition of assets with variances of Kshs.136,783,892 and Kshs.13,676,189 respectively.

The under-collection of receipts and under-expenditure is an indication that the Project may have not achieved the planned objectives.

#### **2. Undrawn Loan Balance**

Section 2.7 on funding summary indicates that the project is for a duration of 4.5 years from 1 March, 2020 to 31 August, 2024 and with an approved budget of EUR 5,375,000 equivalent to Kshs.685,819,635. As at 30th June 2023, the project had operated for 3.3 years or 73% of the project period. However, it was noted that as at 30 June, 2023, an amount of Kshs.280,714,639 equivalent to 41% had been drawn leaving an undrawn balance of Kshs.405,104,996 or 59% to be drawn within the remaining 1.2 years remaining to the end of project period. Further, out of the total funds drawn of

Kshs.280,714,639, only Kshs.165,452,917 or 59% had been utilized as at 30 June, 2023 while the balance of Kshs.115,261,722 or 41% remained unutilized. In addition, out of the total commitment of counterpart funding amounting to Kshs.137,163,927, only an amount of Kshs.14,394,451 had been received as at 30 June, 2023 which was extremely low (10%).The absorption rate of the funds is slow, an indication that the project may not be completed within the one-year remaining period.

My Opinion is not modified due to the effects of the 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 Matters**

#### **Unresolved Prior Year Issues**

In the audit report of the previous year, several issues were raised under Basis for Qualified Opinion and in the Report on Lawfulness and Effectiveness in Use of Public Resources section. These issues remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require the Accounting Officers designate to try to resolve any issues resulting from an audit that remain outstanding.

## **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, I confirm that, nothing 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**

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 Finance Agreement, I report based on my audit, that:

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

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

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

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

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


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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi.

16 November, 2023

*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

**7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023**

Description	Note	2022/2023		2021/2022		Restated Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payments controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>						
Transfer from Government entities	1	4,341,481		4,684,706	-	14,394,451
Proceeds from domestic and foreign grants	2	-		185,857,973	-	266,320,188
<b>TOTAL RECEIPTS</b>		<b>4,341,481</b>	<b>-</b>	<b>190,542,679</b>	<b>-</b>	<b>280,714,639</b>
<b>PAYMENTS</b>						
Compensation of employees	3	13,348,909		13,895,091	-	38,021,194
Purchase of Goods and Services	4	40,272,135		46,755,541		91,187,711
Acquisition of non-financial assets	5	21,111		1,726,904		23,209,498
<b>TOTAL PAYMENTS</b>		<b>53,642,156</b>	<b>-</b>	<b>62,377,536</b>	<b>-</b>	<b>152,418,403</b>
<b>SURPLUS/(DEFICIT)</b>		<b>- 49,300,674</b>	<b>-</b>	<b>128,165,143</b>	<b>-</b>	<b>128,296,236</b>

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

Director General  
George Njao

Head-Project Management Team  
Dr. Duncan Kibogong

Grants Manager  
Michael Chege  
ACCA 1721196

Date

Date

Date



*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

**8. STATEMENT OF FINANCIAL ASSETS AS AT JUNE 30<sup>th</sup>, 2023**

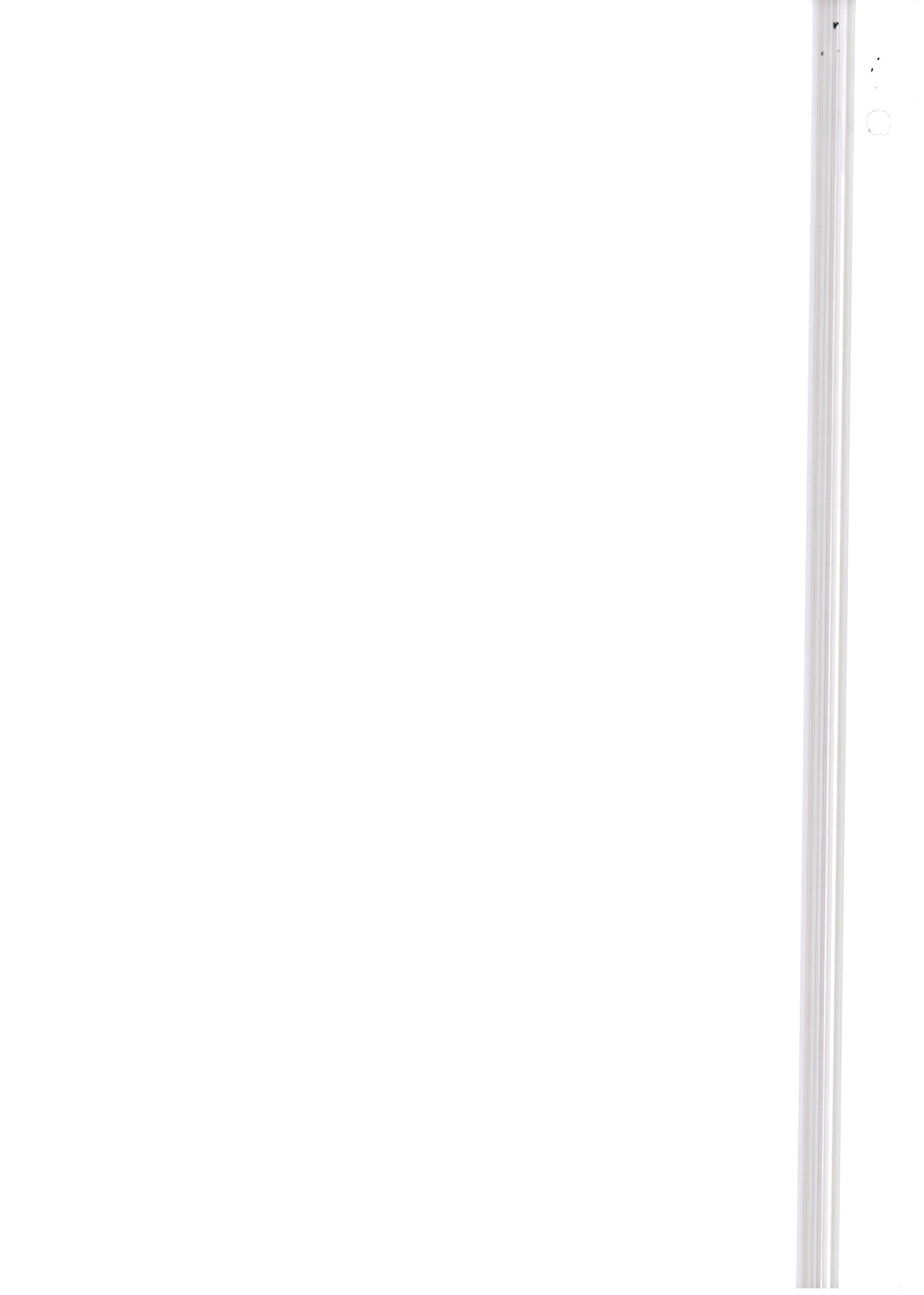
Description	Note	2022-2023	2021-2022
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	6	34,540,551	164,478,749
<b>Total Cash and Cash Equivalents</b>		<b>34,540,551</b>	<b>164,478,749</b>
Receivables, Imprests and Advances	7	93,755,684	13,118,161
<b>TOTAL FINANCIAL ASSETS</b>		<b>128,296,235</b>	<b>177,596,910</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	8	177,596,910	49,431,767
Surplus/(Deficit) for the year		- 49,300,674	128,165,143
<b>NET FINANCIAL POSITION</b>		<b>128,296,235</b>	<b>177,596,910</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 27/09 2023 and signed by:

Director General  
George Njao

Head-Project Management Team  
Dr. Duncan Kibogong

Grants Manager  
Michael Chege  
ACCA 1721196



*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

**9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023**

		<b>2022-2023</b>	<b>2021-2022</b>
	<b>Note</b>	<b>KShs</b>	<b>KShs</b>
<b>Receipts from operating activities</b>			
Transfer from Government entities	1	4,341,481	4,684,706
Proceeds from domestic and foreign grants	2	-	185,857,973
<b>Payments from operating activities</b>			
Compensation of employees	3	13,348,909	13,895,091
Purchase of Goods and Services	4	40,272,135	46,755,541
<b>Adjustments during the year</b>			
Decrease/(Increase) in Accounts Receivable	9	- 80,637,523	- 12,693,318
<b>Net cash flow from operating activities</b>		<b>- 129,917,086</b>	<b>117,198,729</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	5	21,111	1,726,904
<b>Net cash flows from Investing Activities</b>		<b>21,111</b>	<b>1,726,904</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>			-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>- 129,938,197</b>	<b>115,471,825</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>164,478,749</b>	<b>49,006,924</b>
<b>Cash and cash equivalent at END of the year</b>		<b>34,540,552</b>	<b>164,478,749</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/09/2023 and signed by:

Director General  
George Njao

Head-Project Management Team  
Dr. Duncan Kibogong

Grants Manager  
Michael Chege  
ACCA 1721196



*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

**10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE  
YEAR ENDED 30<sup>TH</sup> JUNE, 2023**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfer from Government entities	20,000,000	- 15,000,000	5,000,000	4,341,481	658,519	87%
Proceeds from domestic and foreign grants	261,136,159	- 61,000,000	200,136,159	-	200,136,159	0%
<b>Total Receipts</b>	<b>281,136,159</b>	<b>- 76,000,000</b>	<b>205,136,159</b>	<b>4,341,481</b>	<b>200,794,678</b>	<b>2%</b>
<b>Payments</b>						
Compensation of employees	14,382,832	-	14,382,832	13,348,909	1,033,923	93%
Purchase of goods and services	253,056,027	- 76,000,000	177,056,027	40,272,135	136,783,892	23%
Acquisition of non-financial assets	13,697,300	-	13,697,300	21,111	13,676,189	0%
<b>Total Payments</b>	<b>281,136,159</b>	<b>- 76,000,000</b>	<b>205,136,159</b>	<b>53,642,156</b>	<b>151,494,003</b>	<b>26%</b>

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

Director General  
George Njao

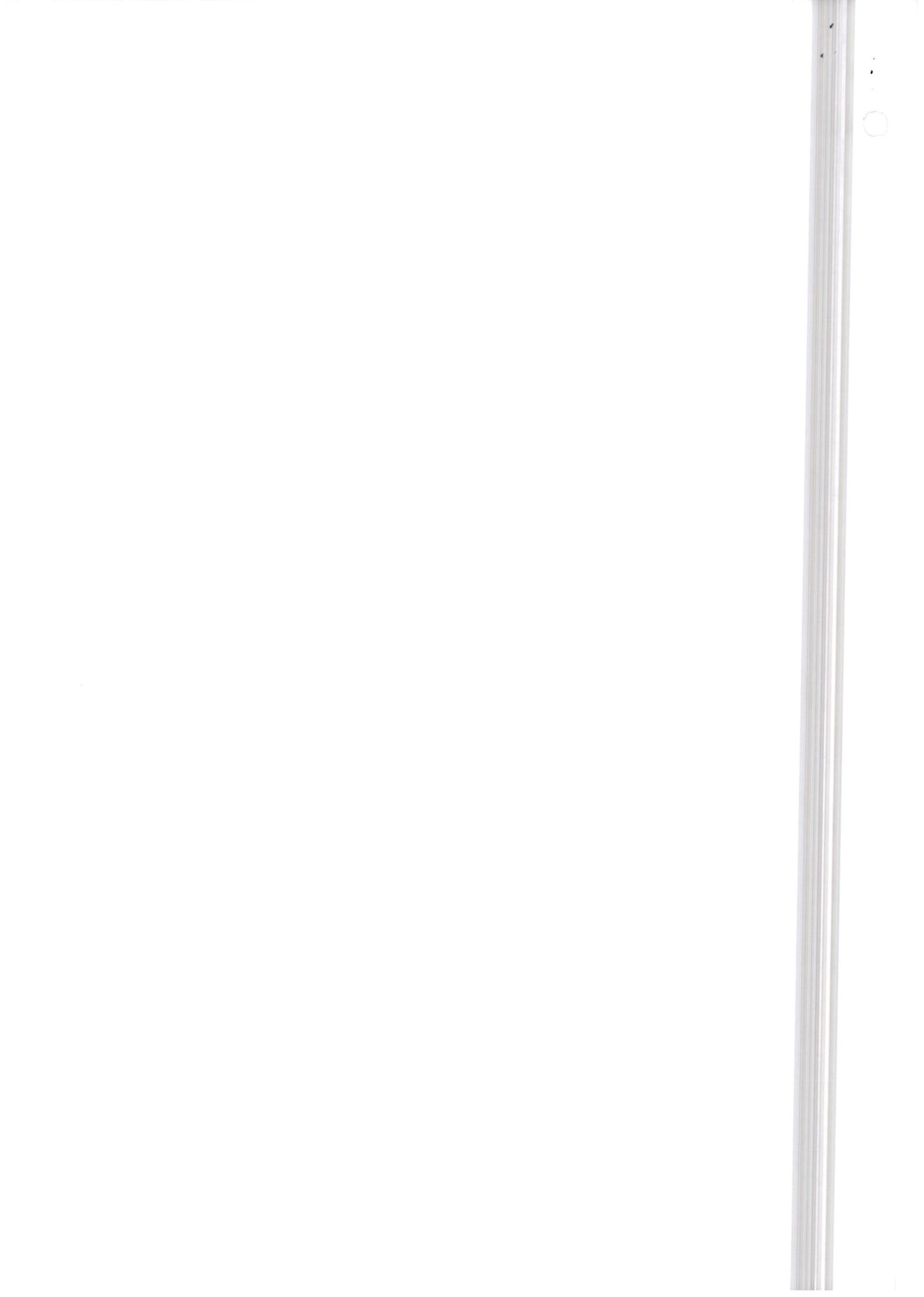
Head-Project Management Team  
Dr. Duncan Kibogong

Grants Manager  
Michael Chege  
ACCA 1721196

Date

Date

Date



## **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 Project Safe Roads/Usalama Barabarani under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation 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.



**Significant Accounting Policies (Continued)**

**d) Recognition of receipts**

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

**i) Transfers from the Exchequer**

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

**ii) External Assistance**

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

**iii) Other receipts**

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

**iv) Donations and grants**

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



**Significant Accounting Policies (Continued)**

**v) Proceeds from borrowing**

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

**vi) Undrawn external assistance**

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

**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.



**Significant Accounting Policies (Continued)**

**iii) Interest on borrowing**

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

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

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

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration 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



**Significant Accounting Policies (Continued)**

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.

**i) Receivables, Imprests and Advances**

For the purposes of these financial statements, receivables, 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.



**Significant Accounting Policies (Continued)**

**j) Contingent Liabilities**

A contingent liability is:

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

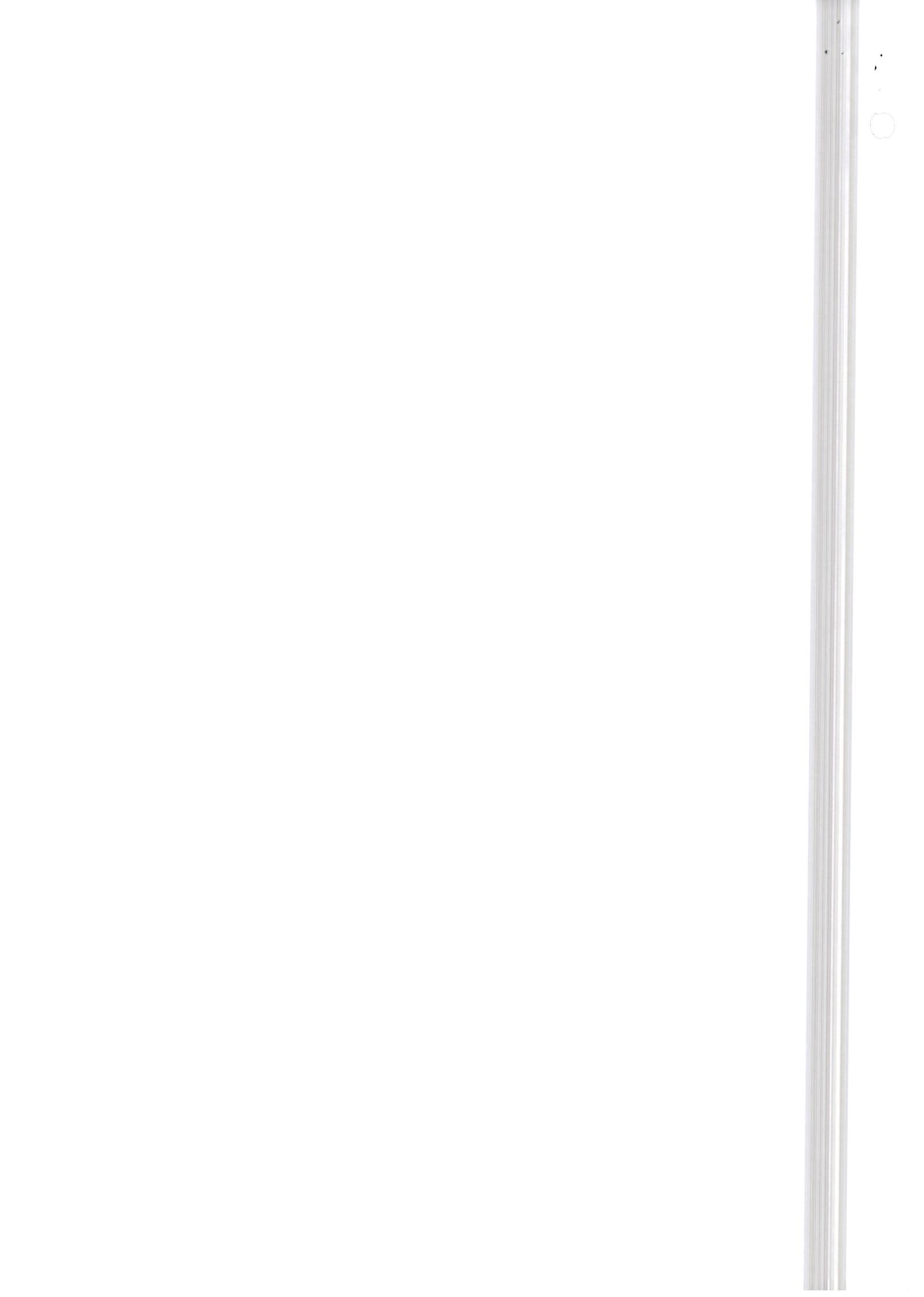
Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

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.

**Annex 5** of this financial statement is a register of the contingent liabilities in the year.

**k) Contingent Assets**

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



**Significant Accounting Policies (Continued)**

**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.



**Significant Accounting Policies (Continued)**

**n) Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, no direct payments from third parties were made.

**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.

**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, 2023.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior period adjustments made.



*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

**12. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM GOVERNMENT ENTITIES**

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

	2022/23	2021/22	Cumulative to-date (from inception)
	KShs	KShs	
<i>Counterpart funding through National Transport and Safety Authority</i>			
Counterpart funds Quarter 1	1,014,570	1,211,047	3,220,134
Counterpart funds Quarter 2	1,003,731	1,094,760	3,992,184
Counterpart funds Quarter 3	964,475	1,145,850	3,266,974
Counterpart funds Quarter 4	1,358,705	1,233,049	3,915,159
<b>Total</b>	<b><u>4,341,481</u></b>	<b><u>4,684,706</u></b>	<b><u>14,394,451</u></b>

The above represents counterpart funding from the National Transport and Safety Authority. This was mainly used to finance personnel and fuel costs.



*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

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

**2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the period to June, 30<sup>th</sup> 2023 we received grants from donors as follows:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2022/23	2021/22
		EUR	KShs	KShs	KShs	KShs	KShs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>							
	10.3.2022	1,456,632	185,857,973			-	185,857,973
<b>Total</b>						-	<b>185,857,973</b>

**3. COMPENSATION OF EMPLOYEES**

	2022/23			2021/22	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
-	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	6,900,958		6,900,958	6,453,374	18,591,964
Personal allowances paid as part of salary	5,379,709		5,379,709	6,400,550	16,367,722
Pension and other social security contributions	1,068,242		1,068,242	1,041,167	3,061,508
<b>Total</b>	<b><u>13,348,909</u></b>	<b>=</b>	<b><u>13,348,909</u></b>	<b><u>13,895,091</u></b>	<b><u>38,021,194</u></b>



*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

**4. PURCHASE OF GOODS AND SERVICES**

	2022/23			2021/22	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
-	KShs	KShs	KShs	KShs	KShs
Printing, advertising and information supplies	21,739,536		21,739,536	42,576,970	66,473,770
Hospitality supplies and services	3,617,320		3,617,320	599,237	4,216,557
Domestic travel and subsistence	7,344,700		7,344,700	2,294,975	11,030,275
Contracted professional services	5,968,219		5,968,219		5,968,219
Routine maintenance – vehicles and other transport equipment	1,441,126		1,441,126	1,244,962	3,280,798
Hire of Transport	105,030		105,030		105,030
Bank Charges	56,205		56,205	39,397	113,062
<b>Total</b>	<b><u>40,272,135</u></b>	<b>=</b>	<b><u>40,272,135</u></b>	<b><u>46,755,541</u></b>	<b><u>91,187,711</u></b>

**5. Acquisition of non-financial assets**

	2022/23			2021/22	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
-	KShs	KShs	KShs	KShs	KShs
Purchase of vehicles & other transport equipment	-		-	-	21,333,724
Purchase of office furniture & general equipment	21,111		21,111	1,726,904	1,875,774
<b>Total</b>	<b><u>21,111</u></b>	<b>=</b>	<b><u>21,111</u></b>	<b><u>1,726,904</u></b>	<b><u>23,209,498</u></b>



*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

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

**6 CASH AND CASH EQUIVALENTS**

	<b>2022/23</b>	<b>2021/22</b>
	<b>KShs</b>	<b>KShs</b>
Bank Accounts	34,540,551	164,478,749

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

**6 A. Bank Accounts**

	<b>2022/23</b>	<b>2021/22</b>
	<b>KShs</b>	<b>KShs</b>
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya [A/c No. 1000426896]	-	-
<b>Total Foreign Currency balances</b>	<b>=</b>	<b>=</b>
<b><u>Local Currency Accounts</u></b>		
Kenya Commercial Bank [A/c No 1266570756]	34,540,551	164,478,749
<b>Total Local Currency balances</b>	<b><u>34,540,551</u></b>	<b><u>164,478,749</u></b>
<b>Total bank account balances</b>	<b><u>34,540,551</u></b>	<b><u>164,478,749</u></b>

**Special Deposit Accounts**

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

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



*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

**Special Deposit Accounts Movement Schedule**

	2022/23	2021/22
	EUR	EUR
<b>Central Bank of Kenya [A/c No. 1000426896]</b>		
Opening balance	-	-
Total amount deposited in the account	-	1,456,632
Total amount withdrawn (as per Statement of Receipts & Payments)	-	- 1,456,632
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>=</b>	<b>=</b>

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Annex 3* support these closing balances.

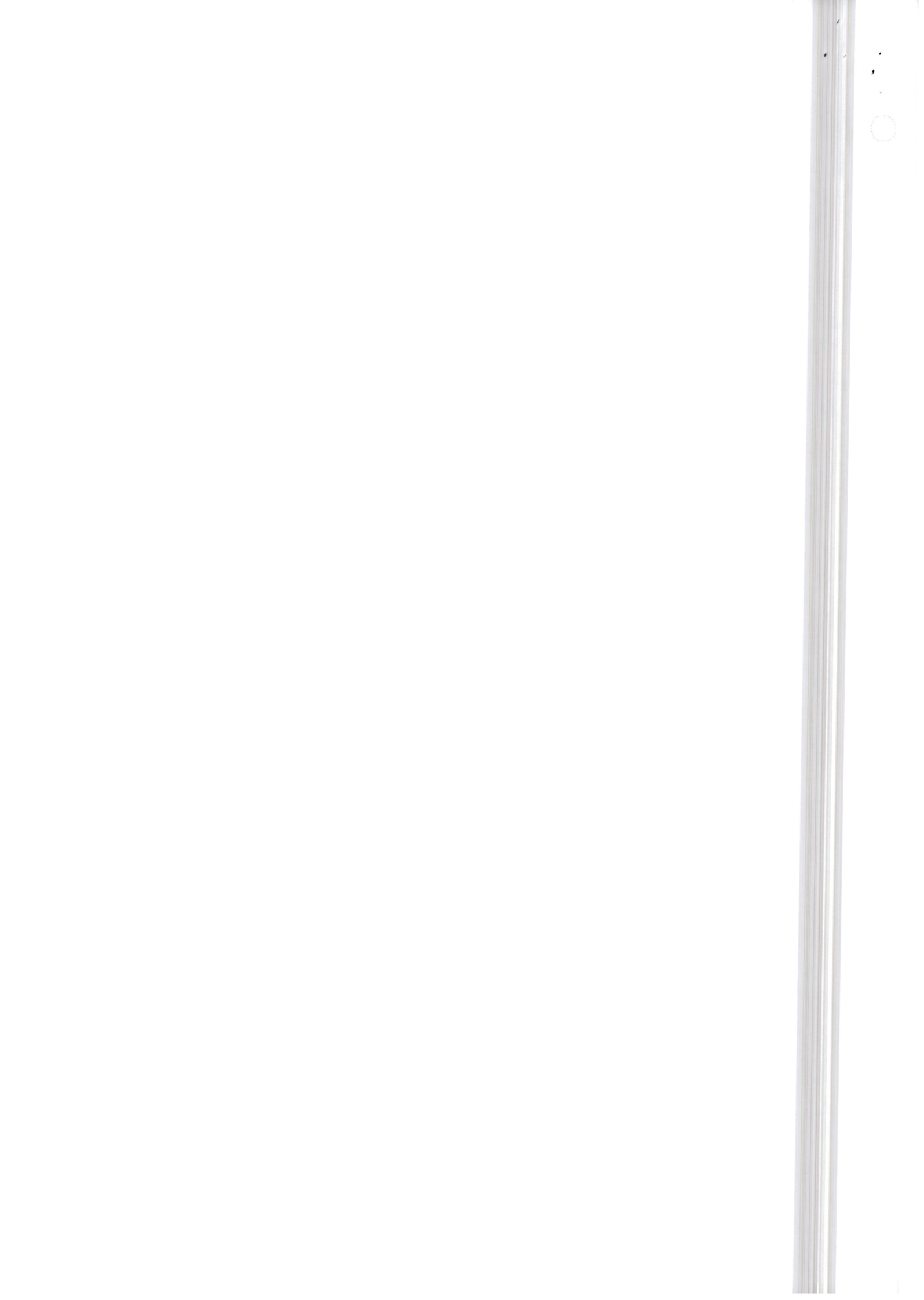
**7 RECEIVABLES, IMPRESTS AND ADVANCES**

	2022/23	2021/22
	KShs	KShs
National Transport and Safety Authority	80,952,005	12,756,561
Kenya Institute of Curriculum Development	12,803,679	
NTSA Officers	-	361,600
<b>Total Accounts Receivable</b>	<b>93,755,684</b>	<b>13,118,161.00</b>

**7b. Breakdown of Receivables, Imprests and Advances**

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2023	Balance 2022
National Transport and Safety Authority	80,952,005	30.6.23	-	80,952,005	-
<b>Total</b>	<b>80,952,005</b>			<b>80,952,005</b>	

The receivable from NTSA relates to inter-bank transactions between the project and NTSA's main account and are due for refund to the project account.



*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

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**8 FUND BALANCE  
BROUGHT FORWARD**

	<b>2022/23</b>	<b>2021/22</b>
	<b>KShs</b>	<b>KShs</b>
Bank Accounts	164,478,749	49,006,924
Imprets and Advances	13,118,161	424,843
<b>Total Balance Brought Forward</b>	<b>177,596,910</b>	<b>49,431,767</b>

**9. CHANGE IN ACCOUNTS  
RECEIVABLE**

	<b>2022/23</b>	<b>2021/22</b>
	<b>KShs</b>	<b>KShs</b>
Opening Receivables as at 1 <sup>st</sup> July 2022	-13,118,161	424,843.00
Closing account receivables as at 30 <sup>th</sup> June 2023	93,755,684	13,118,161.00
<b>Change in Receivables</b>	<b>80,637,523</b>	<b>12,693,318.00</b>



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

**13. ANNEXES**

**ANNEX 1 - PRIOR YEAR AUDITOR-GENERAL'S RECOMMENDATIONS**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
FY 2021/22	Undisclosed Receipts	The receipt of Kshs. 48,650,000 relates to Government of Kenya recurrent grant received from the State Department of Interior inadvertently transferred to the project account as opposed to the Authority's main operations account. The receipt was not related to the Usalama Barabarani project hence the lack of inclusion in the statement of receipts and payments for the project. These funds are accounted for in the Authority's main financial statements.	Not Resolved	30 <sup>th</sup> June 2023
FY 2021/22	Project performance and sustainability As at 30 <sup>th</sup> June 2022 (twenty-seven	The Authority requested for additional counterpart funding in FY 2022/23 and FY	Not Resolved	30 <sup>th</sup> June 2023



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>months later), the total amount received as GOK counterpart financing was Kshs. 10,052,969.00 equivalent to 7.4% of the expected contribution. In the circumstances, It is not possible to ascertain whether the Government will meet its contractual obligation within the stipulated project period.</p>	<p>2023/24. The National Treasury allocated a total of Kshs. 20 Million in the FY 2023/24 out of the Kshs. 97 Million that had been requested.</p>		
FY 2021/22	Under-utilized funds	<p>The Authority proposed a project addendum that changed the methods of project implementation to ensure efficient delivery of set objectives. The addendum was approved and signed in the last month (March 2022) of quarter 3 and the European Union funding disbursed during the same month. The delays in the addendum approval and disbursements of funds resulted in late initiation of the procurement</p>	Not Resolved	30 <sup>th</sup> June 2023



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>process for project consultancies. Majority of the procurements have since been concluded and the funds are expected to be fully absorbed within the project implementation period. The consultancies are mostly short-term ranging from 3 to 12 months and are envisaged to be fully completed to meet the planned objectives in time.</p>		
FY 2021/22	Use of Donor Funds for Unintended Purpose	<p>The payments relate to the erroneously transferred amount of Kshs. 48,650,000 from the State Department of Interior and Citizen Services. The payments made were utilised to net off the transfer from the State Department.</p>	Not Resolved	30 <sup>th</sup> June 2023

**ANNEX 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR FY 2022/2023**



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

Revenue/Expense Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Transfer from Government entities	5,000,000	4,341,481	658,519	<b>87%</b>	Low funds absorption was mainly because of delayed approval of the project addendum that changed the mode of implementation of the project. The addendum also affected the commencement of procurement of various consultancies.
Proceeds from domestic and foreign grants	200,136,159	-	200,136,159	<b>0%</b>	
<b>Total Receipts</b>	<b>205,136,159</b>	<b>4,341,481</b>	<b>200,794,678</b>	<b>2%</b>	
<b>Payments</b>			-		
Compensation of employees	14,382,832	13,348,909	1,033,923	<b>93%</b>	Implementation also affected by the electioneering period and partly by the overlapping annual project period which runs from Sept. to August of each year. This thus impacts the programmed activities overlapping the financial year. Procurement of the projects are in this regard also aligned to the Development Partners annual project period.
Purchase of goods and services	177,056,027	40,272,135	136,783,892	<b>23%</b>	
Acquisition of non-financial assets	13,697,300	21,111	13,676,189	<b>0%</b>	
<b>Total Payments</b>	<b>205,136,159</b>	<b>53,642,156</b>	<b>151,494,003</b>	<b>26%</b>	



**Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)**

**ANNEX 3: RECONCILIATION OF INTER-ENTITY TRANSFERS**

TAME.STMT.OF.ACCT.EPRM

Page 1 of 1

Results 1 - 1 of 1

Run Date: STATEMENT OF ACCOUNT PAGE NO.: 1  
 CENTRAL BANK OF KENYA ACCOUNT NUMBER:  
 BANKI KIU YA KENYA  
 P.O.BOX 60000-0200 NAIROBI  
 NAIROBI  
 STATEMENT PERIOD: From 01/05/2022 To 30/06/2023  
 ACCOUNT TITLE: SUPPORT TO KENYA ENERGY AND TRANSP.

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :					
NO.	Value Date	Reference No	Details	Debit	Credit
1				0.00	0.00
END OF ACCOUNT STATEMENT				CLOSING BALANCE : 0	

Favourites

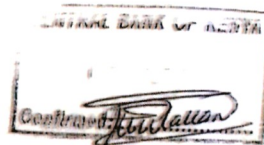
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Account: equals 1000426896

Statement From: equals 20220701

Statement To: equals 20230630

TAME.STMT.OF.ACCT.EPRM





*Safe Roads/Usalama Barabarani  
Reports and Financial Statements  
For the financial period ended June 30<sup>th</sup>, 2023 (KShs)*

**ANNEX 4 – 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
	(KShs)	(KShs)	(KShs)	(KShs)	(KShs)	(KShs)
	2020/21	2020/21	2022/23	2022/23	2022/23	2022/23
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Motor Vehicles	21,708,000	-	-	-	-	21,708,000
Office equipment, furniture and fittings	1,856,904	-	21,111	-	-	1,878,015
<b>Total</b>	<b>23,564,904</b>	-	<b>21,111</b>	-	-	<b>23,586,015</b>



**ANNEX 5 – OTHER SUPPORTING DOCUMENTS**