

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY  
PAPERS LAID

REPORT DATE: 12 MAR 2026

DAY:  
TWR

PARLIAMENT  
OF KENYA  
LIBRARY

OF

TABLED BY:	Dep. Leader of the Majority Party HON. OZHEN BAKI MP
CLERK-AT THE-TABLE:	MERCY CHUMBO

THE AUDITOR-GENERAL

ON

KENYA RURAL ROADS AUTHORITY

FOR THE YEAR ENDED  
30 JUNE, 2025



OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084 - 00100, NAIROBI  
RECORDS OFFICE  
18 DEC 2025  
RECEIVED



## KENYA RURAL ROADS AUTHORITY



### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2025

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

*Connecting Devolved Kenya*



**TABLE OF CONTENTS**

ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS.....	ii
KEY AUTHORITY’S INFORMATION AND MANAGEMENT .....	v
BOARD OF DIRECTORS .....	viii
KEY MANAGEMENT TEAM.....	xiii
FINANCIAL HIGHLIGHTS.....	xv
CHAIRMAN’S STATEMENT .....	xvi
REPORT OF THE DIRECTOR GENERAL.....	xviii
REVIEW OF PERFORMANCE FOR FY 2023/2024 .....	xx
CORPORATE GOVERNANCE STATEMENT .....	xxiii
MANAGEMENT DISCUSSION AND ANALYSIS.....	xxviii
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY .....	xxx
REPORT OF THE DIRECTORS .....	xlii
STATEMENT OF DIRECTORS RESPONSIBILITIES .....	xliii
REPORT OF THE INDEPENDENT AUDITORS ON KENYA RURAL ROADS AUTHORITY.....	xliv
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025 ....	1
STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>TH</sup> JUNE 2025.....	2
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025.....	3
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025.....	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT .....	FY 2024/2025
.....	5
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT .....	6
DISCUSSION.....	6
NOTES TO THE FINANCIAL STATEMENTS .....	7
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS .....	35
APPENDIX II: DEVELOPMENT PARTNERS PROJECTS IMPLEMENTED BY THE AUTHORITY .....	38
APPENDIX III: INTER ENTITY TRANSFER .....	39
APPENDIX IV: RECORD OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	40

## **ACRONYMS, AND DEFINITION OF KEY TERMS**

### **A: ACRONYMS**

AIA	Appropriation In Aid
AFD	Agence Francise De Development
BADEA	The Arab Bank for Economic Development In Africa
DG	Director General
EU	European Union
FY	Financial Year
GIS	Geographical Information System
GoK	Government of Kenya
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
KeRRA	Kenya Rural Roads Authority (The Authority)
KeNHA	Kenya National Highways Authority
KfW	Germany Development Bank (Kreditanstalt für Wiederaufbau)
KM	Kilometers
KRA	Kenya Revenue Authority
KRB	Kenya Roads Board
KURA	Kenya Urban Roads Authority
MTEF	Medium Term Expenditure Framework
LVSr	Low Volume Seal Roads
MoR&T	Ministry of Roads and Transport
NEMA	National Environment Management Authority
NLC	National Land Commission
RMLF	Road maintenance Levy Fund
RSIP	Road Sector Investment Programme
SCAC	State Corporation Advisory Committee

### **B. GLOSSARY OF TERMS**

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

**Comparative Year-** Means the prior period.



## VISION

Sustainable road network for easy access to  
resources and services

## MISSION

To manage, develop, rehabilitate and maintain  
national secondary trunk roads network for  
sustainable socio-economic transformation.

# CORE VALUES

Transparency

Professionalism

Integrity

Collaboration

Sustainability

## **KEY AUTHORITY'S INFORMATION AND MANAGEMENT**

### **(a) Background information**

Kenya Rural Roads Authority (KeRRA) is a State Corporation established under the Kenya Roads Act 2007. The Authority is headed by a Board of Directors led by a Chairman with the Director General being the Chief Executive of the Authority.

At the cabinet level the Authority is represented by the Cabinet Secretary for the Ministry of Roads and Transport who is responsible for the general policy and strategic direction of the Authority.

The Authority began its operations in September 2008 and is represented in the 47 counties through regional offices.

### **(b) Principal activities**

The Kenya Roads Act 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. However, the Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). In line with this provision, the road network in Kenya was reclassified vide Kenya Gazette Notice of 22<sup>nd</sup> January 2016 by the State Department of Infrastructure. National trunk roads in Class C totalling 19,504 Km were vested to the Authority by the Cabinet Secretary. A further reclassification by the Cabinet Secretary on 8th May 2020 revised the Authority's network to 18,662Km of national trunk road network in Class C.

### **(c) Key Management**

The Authority's day to day management is under the following key organs;

1. Board of Directors
2. Senior Management led by the Director General (DG)

### **(d) Fiduciary Management**

The key Management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Director General	Eng. Philemon Kiprop Kandie
2.	Director (Planning, Design and Environment)	Eng. Jackson K. Magondu.
3.	Director (Development)	Eng. George Chiaji
4.	Director (Research, Strategy & Compliance)	Eng. Peter Patu Gichohi
5.	Director (Road Asset Management)	Eng. Enock Ariga Kombo
6.	Director Legal Affairs /Corporation Secretary	Ms. Sylvia Naneu.
7.	Director (Corporate Services)	Mr Patrick Mutisya
8.	Deputy Director (Audit Services)	CPA. Judith Chepkemai Chumo.
9.	Deputy Director (Supply Chain Management)	MCIPS. Ms. Catherine Kangangi
10.	Deputy Director (Finance and Accounts)	CPA Matilda Wakere Ita

### **(e) Fiduciary Oversight Arrangements**

1. Public Investments Committee.

2. Transport and Infrastructure Committee of Parliament.
3. Ministry of Roads and Transport.
4. Kenya Roads Board.
5. Audit and Finance Board Committees.
6. Development Partners.

**(f) Authority Headquarters**

Barabara Plaza Block B, Airport South road

**(g) Authority Contacts**

P.O Box 48151 – 00100,  
Nairobi GPO  
Tel. 0711851103/020-7807600/01-05  
Email: [dg@kerra.go.ke](mailto:dg@kerra.go.ke)  
Website: [www.Kerra.go.ke](http://www.Kerra.go.ke)

**(h) Principal Bankers**

1. ***KCB Bank Limited,***  
Moi Avenue Branch,  
P.O. Box 48400-00100,  
Nairobi GPO
2. ***NCBA Bank Limited,***  
Upper Hill Branch,  
P.O. Box 44599-00100 ,  
Nairobi GPO
3. ***Equity Bank Limited,***  
Equity Centre,  
Hospital Road, Upper Hill.  
P.O. Box 75104-00200,  
Nairobi
4. ***Cooperative Bank Limited***  
Co-operative House,  
Haile Selassie Avenue,  
P.O. Box 48231 - 00100,  
Nairobi GPO
5. ***Sidian Bank Limited***  
K-Rep Centre Kilimani  
P.O.Box 25363-00603  
Nairobi

**(i) Independent Auditors**

Office of the Auditor General(OAG)  
Anniversary Towers, University Way  
P.O. Box 49384-00100  
Nairobi, GPO

**(j) Principal Legal Adviser**

The Attorney General




*Kenya Rural Roads Authority  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2025*

---

State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

## BOARD OF DIRECTORS

The Board members are drawn from representatives from public and private sector as set out in section 8 of the Kenya Roads Act 2007. The members who held the office during the year under review were as follows:

 <p><b>Mr Anthony Mwaura CBS</b> Chairperson of Board From 20<sup>th</sup> December 2024</p>	<p>Mr. Mwaura holds a Bachelor of Education Degree from Kisii University and a Diploma in Business Management from Institute of Management. He is an experienced Manager and Educationist with vast experience in Managing Learning institutions.</p> <p>Mr. Mwaura is a dynamic professional with vast experience in strategy, vision &amp; Mission Planning; sale &amp; Marketing Leadership; Profitability &amp; Cost analysis Programs, Service &amp; products Billing; Debt Recovery &amp; Cash Management; Contract Negotiations &amp; Strategic Alliance; Finance Budgeting &amp; Costs Management; Public Relations &amp; Media affairs; Policy &amp; products Development; Government Regulations &amp; Relations; Team Building &amp; Performance Improvement and Human Resources Management.</p>
 <p><b>Prof.(Eng) Oyuko Mbeche EBS</b> Chairperson of Board Upto 5th October 2024</p>	<p>Prof (Eng) Oyuko. O. Mbeche was born in 1946. Prof. (Eng.) Mbeche is a holder of B.Eng. From Stevens Institute of Technology (USA), MSc from Polytechnic Institute of Brooklyn (USA) and PhD from the University of Nairobi. He is a Civil Engineer specializing in the field of Transportation Planning and Engineering.</p> <p>Prof. (Eng) Mbeche is a Nobel Peace Prize recipient, this was bestowed on him by the International Panel on Climate Change (IPCC) in December, 2007. He is a Member of American Society of Civil Engineers, Member American Society of Engineering Education, Member Kenya National Academy of Sciences and Member Engineering Board of Kenya. He is a Professor of Civil Engineering at the University of Nairobi and has supervised various undergraduate and postgraduate projects, he has published widely.</p> <p>He has written many research papers on matters touching on land use, planning, transport economics and urban planning. In his work experience, he has worked as a project coordinator, team leader, and project civil/structural engineer in various government organizations and has trained in corporate governance. He was the Chairperson of the Board.</p>
 <p><b>Prof. Njuguna Ndung'u, CBS</b> Cabinet Secretary The National Treasury &amp; Economic Planning Upto 8th August 2024</p>	<p>Prof. Njuguna Ndung'u was born in 1960. and is a holder of Bachelor of Arts in Economics degree, and Master of Arts in Economics both from the University of Nairobi, he has a PhD in Economics from the University of Gothenburg, Sweden.</p> <p>Prof Njuguna is an Associate Professor of Economics at the University of Nairobi and a former Governor of the Central Bank of Kenya. He has been a member of the Global Advisory Council (GAC) of the World Economic Forum and a Visiting Fellow of Practice at the Blavatnik School of Government, Oxford University. He was the Director of Training at AERC, Program specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.</p> <p>Prior to his appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons.</p>

 <p><b>Hon.FCPA John Mbadi Ng'ongo</b> Cabinet Secretary The National Treasury &amp; Economic Planning From 8th August 2024</p>	<p>Hon. John Mbadi holds a Bachelor of Commerce and Master of Business Administration (MBA) both from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.</p> <p>Hon. Mbadi has served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassu Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. During his parliamentary tenure, he was a member of numerous key committees, including Chairperson of the Public Accounts Committee in the National Assembly, the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.</p>
 <p><b>Samson Palia Wangusi, OGW,</b> Alternate to Cabinet Secretary The National Treasury &amp; Economic Planning</p>	<p>Mr Samson Palia Wangusi was born in 1966. He holds a Bachelor's degree in Public Administration from The University of Nairobi and Master of Arts in Public Administration from Moi University.</p> <p>Mr. Wangusi is a seasoned administrator with vast experience in Public Sector Management, spanning over 30 years and currently the Principal Administrative Secretary (PAS) at the National Treasury. Prior to his current appointment, Mr. Wangusi was the Director of Administration at the State Department for Immigration. He has served in a similar capacity at the State Departments for: Social Protection, Industrialization, Trade and, Public Service, Youth &amp; Gender.</p> <p>Mr. Wangusi has also served on various Boards as an Alternate Director to the Principal Secretary. These include: Bukuru Agricultural College Board, Special Programme on the National Cereals and Produce Board, Micro Small Enterprises Authority and Kenya Shipyard Limited. He is trained in corporate governance.</p>
 <p><b>Eng. Joseph Mbugua, CBS</b> Principal Secretary -State Department of Roads -Ministry of Roads and Transport.</p>	<p>Eng. Joseph Mbugua was born in 1962. He holds a BSC in Civil Engineering from University of Nairobi. He is a registered professional Engineer with Engineers Board of Kenya (EBK) and a Fellow of the Institution of Engineers of Kenya (FIEK). He is a Strategic Manager who has successfully risen in ranks to be a highly capable change-agent; consistently refining and revitalizing strategies, initiating changes and facilitating solutions driven by team collaboration within the Public Sector. He has served in various capacities including Kenya Rural Roads Authority whereby he rose to the rank of a Regional Director.</p> <p>He is extensively trained in Strategic Leadership Development, Senior Management, Highway Development Management, Contract Management, Labour Based Road Construction and Maintenance, Quality Management Systems and Master Certificate in Project Management. He has valuable experience in policy formulation, planning, design, construction and management of projects and programs gained from his working experience in Public Service for over 30 years and is trained in corporate governance</p> <p>Eng Mbugua is an Executive Member of the Board of Management for Thogoto Teachers College, Moi Girls Kamangu Secondary School and Kikuyu Township Primary School.</p>



**Eng. James Mwathi Kung'u,  
OGW**

Alternate to Principal Secretary-  
State Department of Roads -  
Ministry of Roads and Transport

Eng. James Mwathi Kung'u was born in 1966. He holds a BSC in Civil Engineering from University of Nairobi and a Master of Science in Construction Management from University of Birmingham, UK. Eng. Kung'u is a registered professional Engineer with Engineers Board of Kenya (EBK), a Corporate Member of the Institution of Engineers of Kenya (MIEK) and a Registered Consulting Engineer with Engineers Board of Kenya.

He is an Advisor to the Government on matters related to Road Policy that includes roads development and maintenance standards.

Eng Kung'u in his capacity as Chief Engineer Roads has been involved in Capacity Building of the road subsector, Monitoring of Programmes and Projects financed through exchequer allocations and development partners assistance, Projects Procurement reviews related to detailed design and tender documentation to advise on value, Coordination of the Sector Agencies, Review of standards, Road Sector Investment Programme (RSIP).

Eng. Kung'u was also the Project Coordinator/Head of Infrastructure in IGAD Secretariat, Djibouti. During this period his responsibilities involved Coordinating the regional transport, energy and transboundary water projects within the Horn of Africa Region, supervising regional studies among others Eng. Kung'u is the Chairperson of the Board Technical Committee.



**Ms. Teresia Mbaika, CBS**  
Principal Secretary, Ministry of  
Devolution.  
Upto 08<sup>th</sup> May 2025

Ms Teresia Mbaika Malokwe was born in 1986. Ms Teresia holds a Bachelor of Science degree in Environmental Health from Kenyatta University and a Master of Science degree in Health Economics, obtained from the University of Nairobi.

In June 2018, Ms. Teresia was appointed to the Board of Directors at the National Environment Management Authority of Kenya. Ms Teresia was also a member of the eleven-person board of directors at the Kenya Nuclear Electricity Board. While there, she chaired the Finance and General-Purpose Committee.

She worked at the Kaiti Constituency NG-CDF in June 2013. Her duties included overseeing financial management, corporate governance and compliance at the government agency.



**Mr. Michael L. Lenasalon**  
Principal Secretary, Ministry of  
Devolution.  
From 08<sup>th</sup> May 2025

Mr. Michael Lenasalon was born in 2<sup>nd</sup> April 1989. Mr Michael holds a Bachelor's degree in Software Engineering from Kenyatta University graduating with First Class Honours. He also holds a Master's degree in Forensic Computing and Cybercrime Investigations from University College Dublin, Ireland.

Prior to his appointment as PS Devolution, Mr. Lenasalon served as a Senior Investigations Officer at the Kenya Revenue Authority (KRA), also worked with the Elbarta Children and Family Programme under Child Fund Kenya as a Procurement and ICT Officer.

Mr. Lenasalon is a member of the Kenya Cyber Security and Forensics Association and an Associate Certified Fraud Examiner. Beyond his professional expertise, Mr. Lenasalon has demonstrated a strong commitment to community development and governance. He has held leadership positions in various community-based and national organizations, including serving as a Board Member of the Samburu Water and Sanitation Company, a Trustee of the Samburu Development Trust.



**CPA Margaret Akiring Osilli**  
Alternate to Principal Secretary  
Ministry of Devolution  
Upto 08<sup>th</sup> May 2025

CPA Margaret Osilli was born in 1974. She is a Certified Public Accountant, a Member of Association of Women Accountants of Kenya (AWAK) and holds a Certificate in Strategic Leadership Development Programme. She is an accounting professional with management skills and expertise in financial management. CPA Osilli is currently the Deputy Director Devolution Affairs State Department for Devolution.

She has over 27 years Public Sector experience in cash management, procurement, internal controls, budgeting, financial reporting and analysis. She was the part of the secretariat of the 9th Africities Summit in Kisumu held in 2022 and Kenya Devolution Support Program between 01/2016 - 01/2021. She was also a member of the Inter – Agency Working Committee on County Own Source Revenue.

She possesses exceptional interpersonal and management skills. She has worked for various institutions including Malaba Town Council, Busia County Council, Nairobi City Council, Kisumu City Council, and the County Government of Kisumu.



**Mr. Kennedy Nyambati, OGW**  
Alternate to Principal Secretary  
Ministry of Devolution  
From 08<sup>th</sup> May 2025

Mr. Kennedy Nyambati is the Director Capacity Building and Technical Assistance in the Ministry of Devolution. Mr. Nyambati was born in 1966 and hold a Bachelor of Arts (Sociology) from University of Nairobi and Master’s in Public Sector Management from the Africa University, Zimbabwe.

Director Nyambati is well versed in Public Sector Management, Governance and Leadership; Public Policy Analysis; Performance Management; Programme & Project Management; Diplomacy & Negotiations; Strategic Planning & Management; Human Resource Management; Regional Cooperation & Integration; Devolution Affairs; Inter-Governmental Relations; Capacity Building & Technical Assistance and trained in corporate governance. Previously, he served as Deputy Director for Regional Integration at the Ministry of East African Community, where he played a pivotal role in harmonizing social sector policies and integration protocols among EAC partner states.



**CPA Caroline Waithira  
Ndung’u**  
Representing Council of  
Governors

CPA Caroline Ndungu was born in 1971. Ms. Caroline holds a Bachelor of Arts in Economics degree from University of Nairobi, Advanced Management Programme, Strathmore Business School/IESE Business School, Barcelona, ES and is a Member of the Institute of Certified Public Accountant of Kenya (ICPAK).

CPA Caroline is certified in Women Directors Leadership Programme, from Strathmore Business School/Cranfield University, 2018, Certificate of Strategic Analysis & Choices, Cranfield University, 2007 , Diageo Way of Brand Building (Trainer & Training), 2005

CPA Caroline has over 25years experience in the Corporate world in various capacities and is an expert in Strategic Planning, Performance Management, Business Development, Training and Development, Financial Management, Stakeholder Management and Project & Program Management. Some of her selected achievements include the successful transition of the Barclays brand to Absa over a period of three years, defining the Jubilee Insurance brand and creating a strong affinity brand in the eyes of consumers.

CPA Caroline is the Chairperson of the Board Finance Committee.



**Eng. Dorcas Mutheu Musingi**  
Representing Institution of  
Engineers of Kenya

Eng. Dorcas Mutheu Musingi was born in 1978. Eng Dorcas is a holder of Bachelor of Technology (BTech) degree and a Master of Philosophy Degree in Civil Engineering both from Moi University, a Doctor of Philosophy (PhD) student at Jomo Kenyatta University of Agriculture and is a Registered Member of Engineers Board of Kenya (EBK) and Institute of Engineers of Kenya (IEK). Has a certificate in Strategic Leadership Development Programme (SLDP)

Eng. Dorcas has over 20 years' experience in various capacities. Currently she is a lecturer at the Technical University of Mombasa (TUM) and is involved in development of curriculum, course material, carrying out research, writing papers and journals.

Eng Dorcas worked for Powerlead Limited as a professional Engineer between 2009 to 2019 and is also well versed in Corporate Governance. She has served as the Second Vice Chairperson and Committee Member for IEK Coast Branch, Member of the Syllabus Review Committee for TUM and Organizing Secretary of Coast Kamba Professionals.

Eng Dorcas is the Current Chair to the Board Audit Committee



**Mr. Alvin Kibet Kirui MBS**  
Kenya Farmers Association  
Upto 20<sup>th</sup> December 2024

Mr. Alvin Kirui was born in 1993 and holds a Bachelors of Business Information Technology Degree from Jomo Kenya University of Agriculture and Technology and has successfully completed the investing in Agribusiness Value Addition programme from Strathmore University.

Mr. Kirui is a Member of the Micro and Small Enterprise Tribunal representing SME Sector under the Judiciary, whose mandate is settlement of commercial disputes. He is a Founding Director of Tekelbei Water Foundation, a non-state actor with a goal of providing water storage facilities for rural farmers, providing farmers with market information, and climate adaptive farming strategies. Mr Kirui also leads the East Sotik Co-operative Society which deals with value addition to dairy farmers

Mr. Kirui was the Chair to the Board Audit Committee



**Eng. Philemon K. Kandie MBS**  
Director General/Secretary to the  
Board

Eng. Philemon Kandie was born in 1971 and is a registered Engineer with Engineers Board of Kenya and a member of the Institution of Engineers of Kenya (MIEK).

Eng. Kandie holds a BSc. Hons in Civil Engineering from Jomo Kenyatta University of Agriculture & Technology, a Diploma in Transport Planning, Development & Management from Galilee Management Institute (Israel) and a Master of Science in Road Management & Engineering from the University of Birmingham in United Kingdom, He has been extensively trained in Management Infrastructure embracing Road Asset Management and has valuable experience in policy formulation, planning, design, construction and management of projects and programs gained from his working experience in Public Service for over 24 years.

He worked in the Ministry of Roads and Kenya National Highways Authority as Regional Manager in various stations and was promoted to Regional Network Coordinator in the headquarters. He is a Registered Professional Engineer with Engineers Board of Kenya and a Corporate Member of Institution of Engineers of Kenya.

Eng. Kandie holds leadership portfolios in and out of the Authority and a member of various committees amongst them, Road Sector Investment Plan, Review of Road Classification, Performance Based Contracts and Roads 2000 Strategy Implementation.

**KEY MANAGEMENT TEAM**



**Eng. Philemon Kandie(MBS)**  
*BscHons, MSc MIEK,*  
**Director General**  
 Upto 11<sup>th</sup> July 2025



**Eng. Jackson K. Magondu**  
*BSc., M(IBL), MIEK,A(CI Arb-UK)*  
**Ag. Director General**  
 From 11<sup>th</sup> July 2025



**Eng. Peter P. Gichohi**  
*BSc., MSc , MIEK, A(CIAB)*  
**Director- Research, Strategy & Compliance**



**Eng. Jackson K. Magondu**  
*BSc., M(IBL), MIEK,A(CI Arb-UK)*  
**Director (Planning , Design and Environment)**



**Eng. George Chiaji**  
*Bsc,Msc,MIEK*  
**Director Development**



**Eng. Enock A. Kombo**  
*Bsc, MA(Planning),MIEK*  
**Director Road Asset Management**



**Mr. Patrick Mutisya**  
*Bed,MBA, CHRP-K*  
**Director - Corporate Services**



**Ms. Sylvia Naneu**  
*LLB, MBA, Dip (KSL), CPS(K)*  
**Corporation Secretary and Director - Legal Affairs**



**CPA Matilda Wakere Ita**  
*BCom, MBA, CPA(K)*  
**Deputy Director – Finance and Accounts**



**CPA Judith C. Chumo**  
*Bcom, MBA, CPA(K), CISA, CIQA*  
**Deputy Director - Internal Audit**

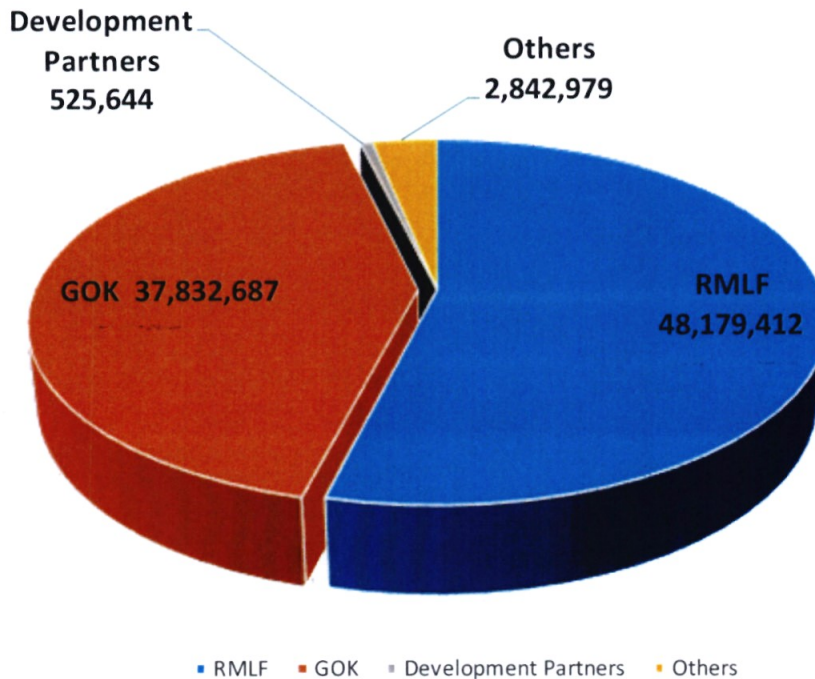


**Ms. Catherine Kangangi**  
*Msc(Proc. & Logistics), MKISM, MCIPS*  
**Ag. Deputy Director – Supply Chain Management**

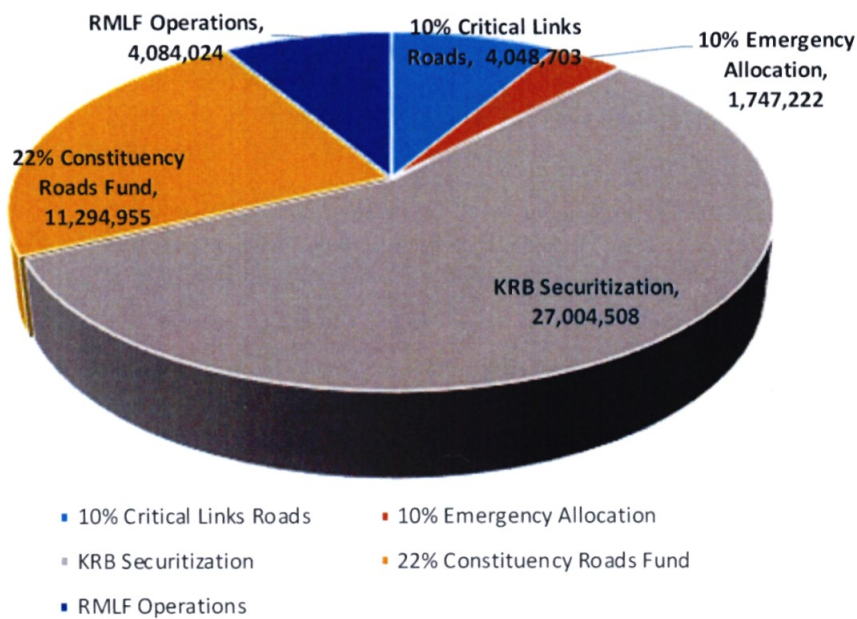
**FINANCIAL HIGHLIGHTS**

**REVENUES 2024-2025**

**TOTAL REVENUE: 89,380,723 (KSh '000')**



**Total RMLF: 48,179,412 (Ksh '000')**



## **CHAIRMAN'S STATEMENT**



### **Dear Stakeholders**

On behalf of the Board of Directors, I am honoured to present the financial statements of the Kenya Rural Roads Authority (KeRRA) for the financial year ended 30<sup>th</sup> June 2025. The Mission of KeRRA is to manage, develop, rehabilitate and maintain national secondary trunk road network to reduce transport cost and journey times for enhanced socio-economic development with an overarching Motto of “Connecting Devolved Kenya”. This transformative journey is critical in promoting economic growth, facilitating market access, enhancing mobility, and improving the quality of life for millions of Kenyans in rural areas.

### **Financial statements context**

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standards Board (IPSASB), and comply with the Public Finance Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Act 2007 reflecting KeRRA’s financial performance, position, and cash flows during the reporting period. They provide a narrative explanation about the financial results, condition, and future prospects of the Authority with an objective to improve accountability and openness in the management of public resources.

The financial statements comprise of statement of financial performance, statement of financial position, statement of changes in net assets/reserves, the statement of cash flows and statement of comparison of budget and actual amount and the notes to the financial statements.

### **Review of the financial outlook**

Through the Board’s strategic direction and oversight role, the Authority continued to work to overcome serious financial challenges, which had resulted to ballooning pending bills. The Authority had resources deployed from securitization of Road Maintenance Levy Fund (RMLF) allocation. By late 2024, KeRRA had majority of its ongoing projects stalled due to accumulated contractor bills and inadequate funding. This significantly disrupted road transport connectivity, delayed public service access and negative impact on economic productivity in rural and urban regions alike. In response, the Government of Kenya through the Kenya Roads Board (KRB) launched a Kshs. 175 billion securitization of the RMLF. This financing model enabled the upfront settlement of verified contractor bills within the road agencies, allowing works to resume on stalled projects across the country. Today, works have restarted on a number of roads nationwide delivering monumental results.

Despite numerous financial challenges, the Authority remained steadfast in fulfilling its mandate through prudent resource utilization, stakeholder collaboration, and strategic project implementation. The Board remains focused on governance, policy oversight, and ensuring that all road development activities align with national priorities as outlined in Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA) to deliver value to stakeholders in the coming year.

### **Governance and Risk Oversight**

The Board remains firmly committed to upholding the highest standards of governance, transparency, and accountability. During the reporting period, the Board exercised diligent oversight of the Authority’s strategic direction, financial stewardship, and risk management practices.

Robust governance frameworks were maintained to ensure compliance with all statutory obligations, and appropriate internal controls were in place to safeguard the integrity of financial reporting and operational decision-making. The Board is satisfied that governance arrangements remain effective and that risks are being appropriately identified, monitored, and managed in alignment with the

Authority's objectives and risk appetite. Subsequently, there were no material instances of noncompliance that would expose the Authority to potential contingent liabilities.

### **Compliance with statutory requirements**

The Authority complied with all applicable statutory requirements, including relevant accounting standards, regulations, and legislative obligations. The board confirms that, to the best of our knowledge and belief, the Authority has complied with all externally imposed laws, regulations, and reporting requirements throughout the reporting period.

As we submit these financial statements, the Board reiterates its commitment to advancing its strategic priorities by upholding integrity, operational efficiency, and sustainable infrastructure development that serves the needs of rural communities across Kenya.

### **Acknowledgments**

I wish to commend the Management for their dedication, the Auditor-General for the diligent review of our financial records, and our partners including the National Government, County Governments, and development partners for their continued support and cooperation.



**Mr. Anthony Ngángá Mwaura, CBS**  
**Chairman (Board of Directors)**

## REPORT OF THE DIRECTOR GENERAL



### Background

These financial statements have been prepared in accordance with the Public Finance Management Act, 2012, and the International Public Sector Accounting Standards (IPSAS). They provide a comprehensive overview of the financial position, performance, and cash flows of the Kenya Rural Roads Authority for the financial year ending 30<sup>th</sup> June, 2025.

During the 2024/2025 financial year, KeRRA remained steadfast in advancing its mandate. Aligned with Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA), the Authority prioritized efficiency, transparency, and stakeholder engagement. We successfully completed key road projects with a focus on value-for-money and sustainability, overcoming financial and logistical hurdles along the way.

### Key Achievements and Performance Statistics

The financial year 2024/2025 was marked by significant milestones in the Authority in terms of performance of various activities. The Authority had an opportunity to showcase its strength in delivery of the following performance targets:

- Upgraded to bitumen standard 556Km of roads.
- Routinely maintained 22,505Km of roads
- 6No. drainage structures completed: Sindo Box Culvert (100% complete), Bissil Box Culvert (100% complete), Drift on Road C957 at Nyacheki - Riokibeni - Nyamache (100% complete), Drift on Road C321 at Chachabole-Shimbir Fatuma Road (100% complete), Drift on Road E848 at El Wak-Fincharo (100% complete), Drift on Road C321 at Shimbir Fatuma-Burmaya Road (100% complete), Drift on Road B74 at Laisamis-Ngurunit (newly awarded), Bridge along KALRO - Ngano Rd (10% complete).
- Procurement for 4No. Virtual weighbridges completed and installation, integration, management and operationalization of the same ongoing on Ngong – Suswa Road, Mariakani – Bamba Road, Lanet – Pipeline - Elementatita Road and Kamkuywa – Chesamis – Pondeni Road
- Reconstructed and Rehabilitated 50.6Km of roads
- Periodically maintained through the RMLF and Development vote 51.76Km of roads
- Planted 591,519No. trees seedlings at approved designated forests and marine ecosystems in collaboration with the State Department for Forestry, and also in Road Camps/KeRRA Regional Offices, along edges of road reserves and in schools. This was in line with the presidential directive of tree growing campaign.
- 322No. interns and attaches offered attachment opportunities.
- Kshs. 6,067,994,945 worth of contracts awarded to women, youth and people living with disability.
- Kericho Regional Director’s Office completed
- Road side development Application and Approval which is a customer facing service onboarded onto the e-citizen platform.
- **Budget allocations:** The overall budget receipts were Kshs. 86.4Billion against a budget allocation of Kshs. 95.35Billion in FY 2024/2025. The Government’s commitment continues to be seen through improved budgetary allocation to the road sector, as evidenced to comparison in FY 2023/2024 where total budget receipts were Kshs. 56.6Billion.

### **Challenges and Financial Governance**

Despite the successes, the following challenges were encountered:

- **Pending bills:** The Authority is not in arrears in the payment of statutory obligations though it has pending bills of approximately Kshs. 52.1 Billion as at 30<sup>th</sup> June 2025. These have been included as part of Payables in FY 2025/2026.
- Delay in payment to contractors resulted to suspension or slowdown in progress of many projects. Most of these projects had seed money from KRB and more funds had not been provided. In addition, no budgetary allocation had been provided from GOK funds however the Authority had written to KRB to address the matter.

### **Outlook and Strategic Priorities**

To address funding shortfalls and institutional performance gaps:

- The Authority supports ongoing reforms of Kshs. 7 per litre of fuel levy toward a fund deficit estimated at KSh 78 billion, aimed at ensuring sustainable rural road funding
- KeRRA remains committed to implementing corrective measures to improve absorption of allocated funds, expedite contractor payments, uphold procurement integrity, and strengthen fixed asset management.

These financial statements reflect our commitment to prudent resource management and provide a clear account of our financial performance and position. KeRRA remains anchored on strong governance principles and is dedicated to delivering services to rural communities with integrity and professionalism.

### **Acknowledgements**

I wish to extend heartfelt appreciation to the Board of Directors for their strategic oversight, to the staff and management team for their dedication and professionalism, and to our partners both National and County Governments, development partners, and rural communities for their steadfast support.

As we submit these financial statements, we reaffirm our dedication to stewardship, integrity, and delivering rural roads infrastructure that unlocks inclusive growth and prosperity for all Kenyans.



**Eng. J. K. Magondu**  
**Ag. Director General**

## REVIEW OF PERFORMANCE FOR FY 2024/2025

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Kenya Rural Roads Authority has 5 strategic pillars and objectives within its Strategic Plan for the FY 2023/2024- 2026/2027. The achievements of strategic pillars were as follows:

Key Result Area	Performance Target	Planned Activities/Outcome	Outputs 2024-2025
<b>Strategic Objective 1: To increase the national secondary trunk road network under bitumen</b>			
1. Roads designed	<ul style="list-style-type: none"> <li>To design 674.0 km of rural road network</li> </ul>	<ul style="list-style-type: none"> <li>Design roads to support accessibility to all production, market and social centres' for enhanced economic growth</li> </ul>	<ul style="list-style-type: none"> <li>713.5 km</li> </ul>
2. Maintenance of Roads under Annuity Program (Km)	<ul style="list-style-type: none"> <li>To upgrade 91.5 km of rural roads network to bitumen standards</li> </ul>	<ul style="list-style-type: none"> <li>Open up rural roads to reduce transport cost and journey time.</li> </ul>	<ul style="list-style-type: none"> <li>91.5 km</li> </ul>
3. New roads upgraded under Roads 2000 Program - LVSR (Km)	<ul style="list-style-type: none"> <li>To upgrade 8.0 km of rural roads network to bitumen standards</li> </ul>	<ul style="list-style-type: none"> <li>Open up rural roads to reduce transport cost and journey time.</li> </ul>	<ul style="list-style-type: none"> <li>7.5 Km</li> </ul>
4. New roads constructed under Roads 10,000 LVSR Program (Km)	<ul style="list-style-type: none"> <li>To upgrade 501.5km of rural roads network to bitumen standards</li> </ul>	<ul style="list-style-type: none"> <li>Open up rural roads to reduce transport cost and journey time.</li> </ul>	<ul style="list-style-type: none"> <li>472.73 Km</li> </ul>
5. Bridges Constructed Program/ Drainage structures (Number)	<ul style="list-style-type: none"> <li>To construct 9 No. bridges/Drainage structures</li> </ul>	<ul style="list-style-type: none"> <li>Design and construct bridges to support accessibility to all production, market and social centres for enhanced economic growth</li> </ul>	<ul style="list-style-type: none"> <li>7. No. Constructed</li> </ul>
<b>Strategic Objective 2: To improve maintenance and rehabilitation of the national secondary trunk road network</b>			
6. Periodic maintenance (km)	<ul style="list-style-type: none"> <li>To carry out periodic maintenance of 63.1 km of rural road network</li> </ul>	<ul style="list-style-type: none"> <li>Well maintained roads</li> </ul>	<ul style="list-style-type: none"> <li>51.76 km</li> </ul>
7. Roads reconstructed and rehabilitated (km)	<ul style="list-style-type: none"> <li>To rehabilitate 34.1 km of rural road network</li> </ul>	<ul style="list-style-type: none"> <li>Well maintained rural roads</li> </ul>	<ul style="list-style-type: none"> <li>50.6 km</li> </ul>
8. Axle load monitoring	<ul style="list-style-type: none"> <li>To monitor 100% rural roads for axle loading</li> </ul>	<ul style="list-style-type: none"> <li>Safeguarding rural roads investment</li> </ul>	<ul style="list-style-type: none"> <li>100% rural roads monitored for axle loading.</li> </ul>

Key Result Area	Performance Target	Planned Activities/Outcome	Outputs 2024-2025
9. Roads Maintenance under RMLF-Routine	<ul style="list-style-type: none"> <li>To Maintain 22,321.28 of rural road</li> </ul>	<ul style="list-style-type: none"> <li>Well maintained and Motorable rural roads</li> </ul>	<ul style="list-style-type: none"> <li>22,504.6 km Maintained</li> </ul>
10. Technical Audits	<ul style="list-style-type: none"> <li>Undertake 35.No. Technical Audits</li> </ul>	<ul style="list-style-type: none"> <li>Improve Quality of Roads</li> </ul>	<ul style="list-style-type: none"> <li>35 No. technical audits undertaken</li> </ul>
<b>Strategic Objective 3: To develop road Management plans and systems</b>			
11. Road Reserves Mapping	<ul style="list-style-type: none"> <li>To Map 644.24 Km of road reserves</li> </ul>	<ul style="list-style-type: none"> <li>Safeguard Road Asset from encroachment</li> </ul>	<ul style="list-style-type: none"> <li>667.62 road reserve mapped.</li> </ul>
12. Traffic census	<ul style="list-style-type: none"> <li>Traffic count report at 100% census points.</li> </ul>	<ul style="list-style-type: none"> <li>Traffic census data for planning and design purposes</li> </ul>	<ul style="list-style-type: none"> <li>Report on traffic count at 100% census points.</li> </ul>
<b>Strategic Objective 4: To Enhance Service Delivery</b>			
13. Implementation of Citizens' Service Delivery Charter	<ul style="list-style-type: none"> <li>Carry Out customer Service Charter Surveillance Audit in 3 Regions</li> <li>Sensitized 250 No. Staff on the Customer Service Charter and the Service Charter.</li> </ul>	<ul style="list-style-type: none"> <li>Informed citizens</li> <li>Improved customer Care</li> </ul>	<ul style="list-style-type: none"> <li>Carried out customer Service Charter Surveillance Audit in 3 Regions</li> <li>250No.Staff sensitized on the Customer Service Charter and the Service Charter has been cascaded and circulated to all 47 Regional Offices as per the guidelines</li> </ul>
14. Application of Service Delivery Innovations	<ul style="list-style-type: none"> <li>Leverage on and enhance use of Information and Communications Technology (ICT) and other innovations in service delivery</li> </ul>	<ul style="list-style-type: none"> <li>On-board onto the e-citizen platform where applicable</li> <li>Adverts and Road Signages.</li> <li>Rental payments</li> <li>Road side development Application and Approval</li> </ul>	<ul style="list-style-type: none"> <li>On-boarded onto the e-citizen platform where applicable</li> <li>Adverts and Road Signages.</li> <li>Rental payments</li> <li>Road side development Application and Approval</li> </ul>

Key Result Area	Performance Target	Planned Activities/Outcome	Outputs 2024-2025
<b>15. Resolution of Public Complaints</b>	<ul style="list-style-type: none"> <li>Resolve all public complaints</li> </ul>	<ul style="list-style-type: none"> <li>Satisfied public</li> </ul>	<ul style="list-style-type: none"> <li>Resolved all public complaints for the quarter and forwarded report to CAJ in the prescribed format</li> </ul>
<b>• Strategic Objective 5: To enhance Corporate Governance</b>			
<b>16. Develop capacity of the Board</b>	Four (4) trainings for the Board: <ul style="list-style-type: none"> <li>Board Audit Risk and Governance Committee</li> <li>Board Human Resource Committee</li> <li>Board Technical Committee</li> <li>Full Board retreat</li> <li>Board Finance Committee.</li> </ul>	<ul style="list-style-type: none"> <li>Undertake Board trainings</li> </ul>	<ul style="list-style-type: none"> <li>Enhance capacity for the Board. Undertook Four(4) Board Trainings.</li> </ul>

## **CORPORATE GOVERNANCE STATEMENT**

### **Overview**

The Board provides oversight to management who are responsible for the day to day running of the organization and emphasizes on principles of good Corporate Governance in the discharge of its mandate. The Board has 4 committees through which it discharges its mandate and is evaluated annually by SCAC. The positions of Chairman and Director General are held by different persons, as stipulated in the Mwongozo Code of Corporate Governance for State Corporations. The Board and management have been trained on the Mwongozo Code of Corporate Governance for State Corporations.

### **Organization structure of the Authority**

The Kenya Rural Roads Authority is governed by a Board of Directors as per the Kenya Roads Act 2007. The day to day management of the Authority is carried out by the Director General who is also secretary to the Board. The Authority carries out its mandate through the following Directorates and Departments.

- a) Directorate of Development
- b) Directorate of Road Asset Management
- c) Directorate of Research, Strategy & Compliance
- d) Directorate of Planning, Design and Environment
- e) Directorate of Corporate Services
- f) Directorate of Audit Services.
- g) Corporation Secretary/ Legal Affairs Department
- h) Supply Chain Management Department.

### **Appointments to the Board**

Appointments to the Board are carried out pursuant to section 8 of the Kenya Roads Act 2007. The Chairman of the Board is appointed by the President of the Republic of Kenya. Members of the Board are appointed by the Cabinet Secretary, Ministry of Roads and Transport on recommendation of the various nominating institutions provided for under the Kenya Roads Act 2007.

### **Board Organization and structure**

The composition of the Board is as per the provisions of Section 8 of the Kenya Roads Act 2007. The Board is composed of representatives of relevant Government Ministries and private sector as represented by the various nominating bodies and is independent of management. The Board has set up Four standing committees to discharge its oversight role.

### **The role of the Board**

The role of the Board is to provide strategic direction and oversight to management in the running of the Authority's affairs.

### **Activities of the Board**

It is the responsibility of the Chairman and the Secretary to work closely together in planning the annual program and agendas for meetings. The Board is required to meet at least four times a year and the meetings are structured to allow open discussion. All substantive agenda items have comprehensive briefing papers, which are circulated well in advance.

In addition to regular Board meetings, Special Board Meetings are held on a need basis to deal with specific matters. When directors are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

During the period under consideration, the Board had various meetings to deliberate on issues affecting the Authority. The Board, through representation by the Chair, also made several site visits to launch and inspect various projects being undertaken by the Authority. An evaluation of the Board was facilitated by State Corporation Advisory Committee (SCAC) during the period.

### **Board Effectiveness**

The Board is sufficiently independent of management and performs its functions in a way to enhance Board effectiveness. To further enhance effectiveness, the directors have been trained on various issues on Corporate Governance and specifically Mwogozo code of Corporate Governance for State Corporation.

### **Board meeting attendance for the period 1.7.2024 - 30.6.2025**

S/No	Member	15th July, 2024	26th July, 2024	18th November, 2024	4th December, 2024	14th January, 2025	6th March, 2025	25th March, 2025	14th April, 2025	30th June, 2025
1	<b>Prof. (Eng) Oyuko Mbeche EBS</b>	√	√	—	—	—	—	—	—	—
2	<b>Mr. Anthony Mwaura, CBS</b>	—	—	—	—	—	√	√	√	√
3	<b>Eng. Dorcas Mutheu Musingi</b>	√	√	√	√	√	√	√	√	√
4	<b>Eng. James Mwathi Kung'u, OGW</b>	√	√	√	√	√	√	√	√	√
6	<b>Mr Alvin Kibet Kirui, MBS</b>	√	√	√	√	√	√	√	—	—
7	<b>CPA. Margaret Akiring Osilli</b>	√	√	√	√	√	√	√	—	—
8	<b>Mr. Kennedy Nyambati</b>	—	—	—	—	—	—	—	—	√
9	<b>Ms. Caroline Waithira Ndung'u</b>	√	√	√	√	√	√	√	√	√
10	<b>Mr. Samson Palia Wangusi</b>	√	√	√	√	√	√	√	√	√

- a. √ – Present  
b. x – Apology  
c. – Member was not a Member of the Board at the time

### **Board Committees**

In line with the provisions of the Kenya Roads Act 2007 and other relevant regulatory framework, the Board established four Standing Committees. These are Board Finance Committee, Board Human Resources Committee, Board Audit, Risk & Governance Committee and Board Technical Committee. The committees are provided with all necessary resources to enable them to undertake their duties in an effective manner.

### **Board Audit, Risk & Governance Committee**

The Board Audit Committee was established in accordance with the provisions of Treasury Circular No 16. of 25. The Board receives reports from the Audit Committee. The Internal Audit function reports directly to the Board Audit Committee and is independent of management operations. The Board has a responsibility of ensuring the Authority has adequate systems and processes of accountability, risk management and internal controls and the Internal

Audit does provide an enterprise assurance of the functional areas in reference to responsibility attributed to the Board.

S/No	Member	2nd October, 2024	3rd December, 2024	27th May, 2025
1	<b>Eng. Dorcas Mutheu Musingi</b>	√	√	√
2	<b>Eng. James Mwathi Kung'u, OGW</b>	√	√	√
3	<b>Mr Alvin Kibet Kirui, MBS</b>	√	√	—
4	<b>Mr. Samson Palia Wangusi</b>	√	√	√

- a. √ – Present  
b. x – Apology  
c. — Member was not a Member of the Board at the time

### **Board Finance Committee**

The committee meets on Quarterly basis. The committee assists the Board in its oversight role of the Authority relating to Authority's finance matters. This is as per the committees Terms of Reference.

S/No	Member	12th July, 2024	12th September, 2024	14th October, 2024	9th January, 2025	21st March, 2025	9th April, 2025	26th June, 2025
1	<b>Eng. James Mwathi Kung'u, OGW</b>	√	√	√	√	√	√	√
2	<b>CPA. Margaret Akiring Osilli</b>	√	√	√	√	√	√	—
3	<b>Ms. Caroline Waithira Ndung'u</b>	√	√	√	√	√	√	√
4	<b>Mr. Samson Palia Wangusi</b>	√	√	√	√	√	√	√

- a. √ – Present  
b. x – Apology  
c. — Member was not a Member of the Board at the time

### **Board Human Resource Committee**

The committee assists the Board in its oversight role of the Authority relating to Authority's human resource matters. This is as per the committees Terms of Reference.

S/No	Member	20 <sup>th</sup> September, 2024	24 <sup>th</sup> April, 2025	26 <sup>th</sup> June, 2025
1	<b>Eng. James Mwathi Kung'u, OGW</b>	√	√	√
2	<b>Mr Alvin Kibet Kirui, MBS</b>	√	—	—
3	<b>CPA. Margaret Akiring Osilli</b>	√	√	—
4	<b>Mr. Kennedy Nyambati</b>	—	—	√
5	<b>Mr. Samson Palia Wangusi</b>	√	√	√

- a. √ – Present  
b. x – Apology  
c. — Member was not a Member of the Board at the time

### **Board Technical Committee**

The committee assists the Board in its oversight role of the Authority's function relating to the technical issues relating to the Authority's mandate. This is in terms of the design, construction and maintenance of roads under the Authority's mandate.

S/No	Member	10 <sup>th</sup> July, 2024	23 <sup>rd</sup> September, 2024	13 <sup>th</sup> November, 2024	8 <sup>th</sup> January, 2025	8 <sup>th</sup> January, 2025	21 <sup>st</sup> March, 2025	8 <sup>th</sup> April, 2025	30 <sup>th</sup> June, 2025
1	<b>Eng. Dorcas Mutheu Musingi</b>	√	√	√	√	√	√	√	√
2	<b>Eng. James Mwathi Kung'u, OGW</b>	√	√	√	√	√	√	√	√
3	<b>Mr Alvin Kibet Kirui, MBS</b>	√	√	√	√	√	√	—	—
4	<b>Ms. Caroline Waithira Ndung'u</b>	√	√	√	√	√	√	√	√

- a. √ – Present  
b. x – Apology  
c. — Member was not a Member of the Board at the time

### **Board and Member Performance**

The Board undertakes a self-performance evaluation every year. The performance evaluation is facilitated by the oversight body (State Corporations Advisory Committee). The evaluation helps in improving the performance of the Board.

### **Board Remuneration**

Members of the Board are remunerated in accordance with the policy of the Government of Kenya as communicated from time to time.

### **Conflict of interest**

Directors are required to disclose to the Board any real or potential conflict of interest that comes to the attention of the Directors. This requirement was observed during the reporting period.

### **Ethics and governance audit**

The Board subjects the organization to a Governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya and accredited for the purpose.



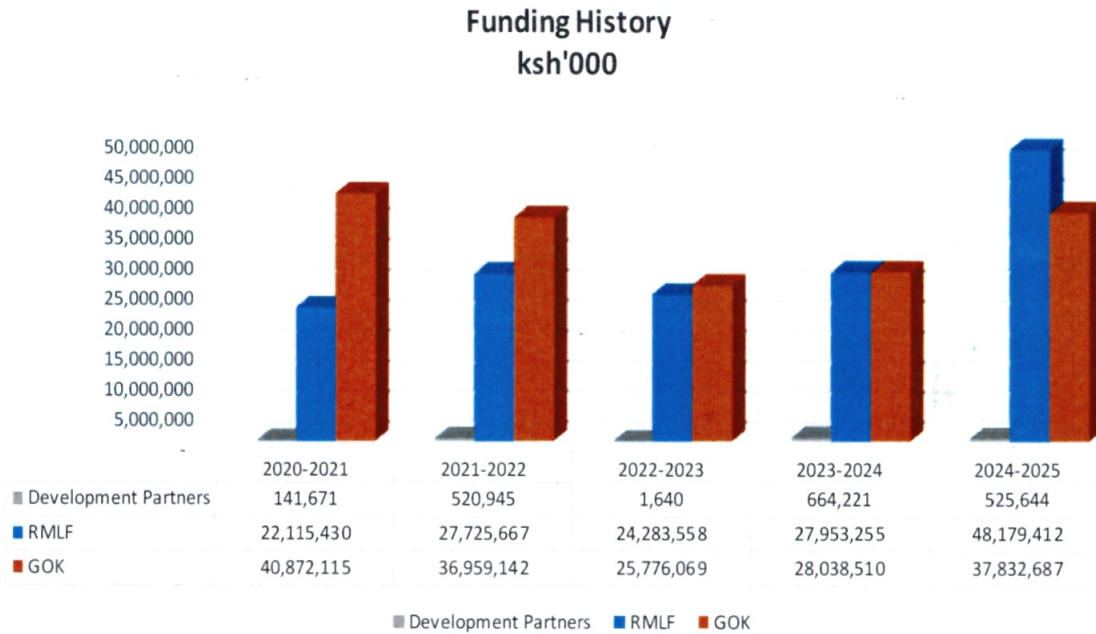
.....  
**Mr Anthony Mwaura CBS**  
**CHAIRMAN (Board of Directors)**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**The entity’s operational and financial performance**

The National Government’s commitment continues to be seen through the improved budgetary allocation to the road sector. In the period under review, the Authority received a total of 86.5 Billion against a budget allocation 95.35 Billion for the full financial year.

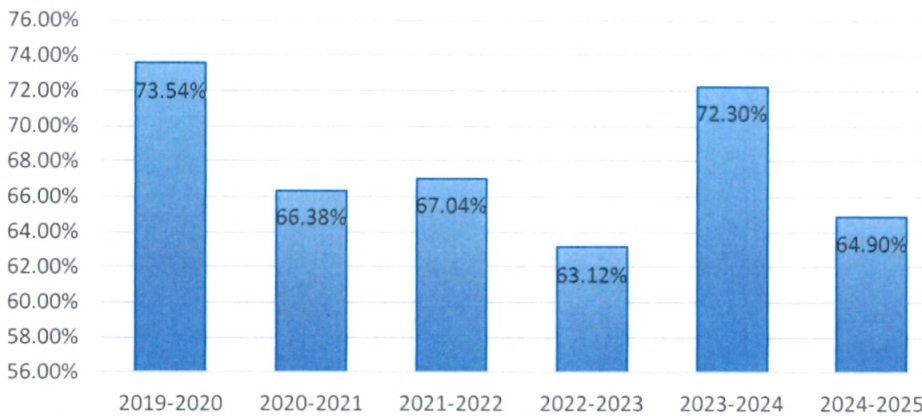
The graph below indicates our funding over the last five financial periods.



**Funds Absorption.**

In this financial year the Authority achieved a funds absorption rate of 64.9% of all the funds available at its disposal. This represents a decline of 7.4 % compared to the previous financial period. This is due to late receipts of Exchequer funds in the month of June 2025.

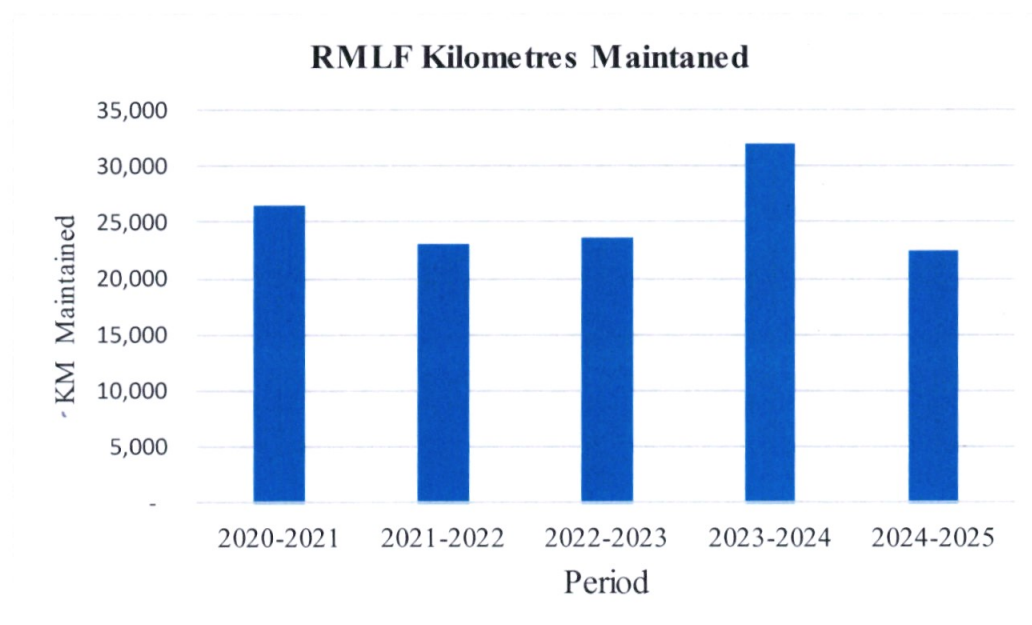
**Funds Absorption Rate**



\*Funds Absorption is based on cash balances available for the period. It is calculated by adding Opening Cash Balance and total Receipts less closing cash Balance and compared total funds available.

**RMLF Fund Output Performance**

In the period under review the Authority maintained 22,504.6 km of Roads. The table below indicates the performance of the RMLF over time



#### **Entity's compliance with statutory requirements**

The Authority has complied with all statutory requirements externally imposed throughout the Period. There are no major noncompliance issues that may expose the authority to potential contingent liabilities.

#### **Key projects and investment decisions the entity is planning/implementing**

The Authority has an ongoing portfolio of 5,296. Kms of roads under reconstruction and Upgrading at a contracted sum of 259 Billion. These works are expected to be completed within the next three years. The bulk of the contracted works falls under the Roads 10,000 low volume sealed roads programme

#### **Major risks facing the entity**

The major risks that the Authority is exposed to are reported on the note 31 of this report.

#### **Material arrears in statutory/financial obligations**

The Authority is not in arrears in the payment of statutory obligations though it has pending bills of approximately Ksh 52.1 billion as at 30<sup>th</sup> June 2025. These have been included as part of Payables.

#### **The entity's financial probity and serious governance issues**

There have been no reports of financial improbity by the internal audit, external audit nor Other Government agencies.

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY**

**1. Sustainability strategy and profile**

The Authority recognizes that it does not operate in isolation. The Statutes enacted in law within the Republic of Kenya guide its operations. To succeed in implementing its mandate, the Authority has to bear in mind the external factors and carefully wade through them taking note of the opportunities and threats. Using Political, Economic, Social, Technological, Ecological and Legal (PESTEL) approach, the outcome of these analyses, and significance of the factors

The external environmental scanning provided insights into the opportunities and threats as summarized

FACTORS	OPPORTUNITY	THREATS
<b>Political</b>	a) Positive outlook by politicians leading to support in positive legislations and allocation of resources. b) Collaboration with County Governments.	a) Political chaos and unrest resulting into damage of the road infrastructure. b) Political interference and competing interest may cause delay in implementation of projects or lead to inequity. c) Occasional changes in government policies and priorities may disadvantage the Authority. d) Abolishment of the institution or its organizational structure.
<b>Economic</b>	a) Strong fiscal and monetary policies ensure resources for investment in infrastructure are allocated and implemented. b) Growth of Gross Domestic Product (GDP Index) results in enhanced budgetary allocations by the government. c) Existence of alternative funding and development partners will ease pressure on dependency on exchequer. d) Growth of population, rapid urbanization and need for road interconnectivity implies greater need for the Authority to continue implementing its mandate. e) Readily available labour and competent contractors.	a) Delayed release of funds by exchequer or inadequate budget allocation may lead to non-timely completion of projects, increased project cost because of claims, unmet stakeholders' expectations and bad organizational reputation. b) The increasing foreign exchange rates and interest fluctuation have negative impact on the road sector as financing costs rise up. c) The rising cost of living and inflation will negatively influence infrastructure development.

<b>Social</b>	<ul style="list-style-type: none"> <li>a) Availability of modalities for community and stakeholder engagements.</li> <li>b) Enhanced awareness on other social cross-cutting issues such as gender, social sustainability, stakeholder voices etc.</li> </ul>	<ul style="list-style-type: none"> <li>a) Conflict of interest leading to increased costs, low quality of works and organizational reputational damage.</li> <li>b) Inequitable allocation of resources leading to stakeholder isolation.</li> <li>c) Insecurity and vandalism of road furniture resulting in delayed project completion, increased costs and reduced road safety.</li> <li>d) Road reserve encroachment leading to limited expansion, reduced road safety, legal disputes and cost escalation.</li> <li>e) Poor handling of labour issues that may result in cost escalation, negative reputation, litigations and strikes.</li> <li>f) Social inequity due to underserving certain areas, uneven economic developments and disparities in access to quality infrastructure.</li> </ul>
<b>Technological</b>	<ul style="list-style-type: none"> <li>a) Enhanced contractor's capacity leading to efficient and effective delivery of infrastructure projects.</li> <li>b) Technological enhancements that lead to optimized operational efficiencies when deployed.</li> <li>c) Continuous research and innovative ways to undertake road construction in support of climate mitigation and infrastructure sustainability.</li> <li>d) Automation and information security making it possible to store large quantity of data, easily retrieve and share information and enhance stakeholder engagement and participation.</li> <li>e) Emerging technologies in road construction and ICT.</li> </ul>	<ul style="list-style-type: none"> <li>a) Data security concerns.</li> <li>b) Proliferation of social media that is used to escalate misinformation.</li> </ul>

<b>Environmental/ Ecological</b>	<p>a) Availability of climate change financing.</p>	<p>a) Adverse weather/climate variability causing slow progress or change in work plans.</p> <p>b) Depletion of natural resources for road construction and maintenance.</p> <p>c) Climate Change - adverse weather conditions lead to increased cost of maintenance of roads, destruction of structures, delays in construction.</p> <p>d) Dust emission during construction leading to conflicts with the local population.</p> <p>e) Carbon emission by construction equipment.</p> <p>f) Environmental degradation due to continuous excavation of gravels for backfilling.</p> <p>g) Adverse effect on green gas emissions.</p> <p>h) External disaster mitigation.</p>
<b>Legal</b>	<p>a) Existence of regulatory bodies such as NLC, NEMA, CA-I, PPRB provides mechanism for moderating Authority's activities.</p> <p>b) Anticipation of passing the Roads Bill into a new law, thus clarifying the Authority's mandate.</p>	<p>a) Conflicting legal framework on the mandate of the Authority.</p> <p>b) Compliance with existing and new employment laws, health and safety laws.</p> <p>c) Protection of personal and sensitive data is anchored on the law and lack of adequate preparedness and systems to comply may lead to punitive measures against the Authority.</p> <p>d) Changes in environmental regulations and other laws that necessitate appropriate actions for compliance.</p>

## 2. Environmental Performance Sustainability

### Environmental Performance

KeRRA is committed to minimize its environmental footprint through continuously improving its operations through strategic actions. It is therefore the Authority's commitment to improve human welfare through the protection of natural capital throughout its operations. An Environmental and Social Sustainability Policy is in place with its main aim being to guide the Authority in conforming to the prevailing Government strategies as highlighted in the

National Environment Policy. In accordance with the Policy, the Performance Contracting guidelines and the requirements of the Environmental Management and Coordination Act, the Authority implemented the following activities during the 2024/2025 financial year: -

### **Measures to protect the environment and mitigate climate change**

Environmental and Social Impact Assessment (ESIA) Studies for 22No. projects were carried out and NEMA licenses were issued. This is to ensure compliance with the guiding legal provisions with regards to development projects. Furthermore, the Authority continues to monitor compliance to the Environmental & Social Management Plans and EIA Licence conditions for the various projects under implementation, and corrective measures have been employed whenever a non-conformity is noted for continuous improvement. 8No. Environmental & Social Audits (ESA) were undertaken to ensure environmental and social safeguards are incorporated in the Authorities projects.

Environmental and Social Sustainability sensitizations for selected staff from the Head Quarters and all the 47 regions were conducted in 3No. locations; Eldoret, Mombasa and Nyeri. This was aimed at ensuring the Authority inculcates sustainable practices in its day to day operations across all regions. In addition, the Environmental and Social Sustainability Policy mainstreaming was conducted during the sensitization forums.

### **Presidential Directives on Tree Growing**

The Authority through its regional offices, and in partnership with various stakeholder planted a total of 520,000 trees in the Financial Year.

These initiatives are geared towards compliance to legal and regulatory frameworks, environmental conservation and promotion of social well-being of employees and communities in the Authorities areas of jurisdiction. In addition, they are aimed at addressing global emerging issues such as climate change impacts while promoting the integration of current trends in environmental and social safeguards and governance in development.

### **3. Employee Welfare**

Kenya Rural Roads Authority is an equal opportunity employer and endeavors to have diversity in the workforce in terms of Youth, gender and Persons living with Disability as guided by the applicable statutes. To achieve this end, the recruitment process is guided by the following laws.

#### ***The Constitution of Kenya***

The Constitution of Kenya creates a platform for gender equality and nondiscrimination. Article 10 of the Constitution is on the National Values and Principles of governance which highlights such principles as equality, equity, inclusiveness and non-discrimination. These principles provide an anchorage for gender equality which KeRRA is committed to.

#### ***The National Cohesion and integration Act 2008***

The Act and prohibits discrimination in employment and requires all public entities to make deliberate effort to ensure full representation of the diversity of the people of Kenya

***Persons with disabilities Act 2003***

The Authority offers opportunity to persons living with disability with a view to achieving the full realization of the rights of persons with disabilities by offering opportunities in recruitments and reservation of tenders in line with the Act and other government regulations.

***The Employment Act 2007***

The Authority ensures compliance with the provisions of the Employment Act whose main objective is to ensure fair labour practices and create a harmonious working relationship between employers and employees while providing basic conditions of employment and protecting the fundamental rights of both parties.

***The Public Service Commission Act 2017 and PSC Regulations 2020***

KeRRA is bound by the provisions of the Act which defines the terms of service in the public service to ensure uniformity and adherence to government policies.

***The KeRRA Human Resource Management Instruments***

These include the Human Resource Policy and Procedure Manual, Career Guidelines and the Organization Structure, Grading and Staff Establishment. They offer guidance on how to handle a variety of matters affecting the day-to-day operations of the Authority. They also define creation of positions and address the career progression aspirations of staff. The instruments are regularly updated to ensure relevance and alignment to the wider Public Service objectives and aspirations.

***The Occupational Safety and Health Act 2007.***

The Authority is registered as an employer in line with the Act. It takes deliberate steps to ensure the safety of all stakeholders while within the KeRRA premises by establishing the necessary internal mechanisms which ensures adherence to the provisions of the Act by means of regular checks to ensure a safe working environment.

The Authority has a staff pool of 693 staff members of various cadres stationed both at the Head office and the 47 regional offices. For the Authority to realize its mandate, there is need to have in place a responsive and dynamic staff establishment which ensures the right mix of skills sets and competencies for effective and efficient service delivery.

It has an effective Human Resource Management framework which provides a linkage between an employee's performance and career advancement so as to realize its strategic plans, mandates and objectives. It endeavors to keep its employees motivated and up to date with the current trends by ensuring continuous personal development through relevant capacity building initiatives, provision of adequate employee welfare programmes and supporting staff membership to professional bodies among others which ensures the attraction, motivation and retention of a competent, self-driven and qualified workforce.

The Authority has a robust performance management framework which is predicated upon the principle of work planning, setting of agreed performance targets and whose overall goal is to align the employee efforts with organizational goals, improve individual and team performance, foster a culture of continuous improvement, and enhance communication and feedback mechanisms. It aims to develop employees, recognize and reward high performance, and ultimately contribute to the overall success and sustainability of the organization.

#### **4. Market place practices**

Kenya Rural Roads Authority operates in sync with the emerging best practices in the market place and in accordance with the provisions of article 227 and Article 55 of the Constitution of Kenya and Public Procurement and Asset Disposal Act 2015 as revised in 2022. Procurement runs under 48 administrative units; the headquarters and 47 regional offices. To align the operations to these requirements, deliberate efforts have been made under the following;

- i. Supplier/Contractor identification.
- ii. Supplier/Contractor Segmentation.
- iii. Management of Supplier/Contractor expectation.
- iv. Operationalization of performance indicators.
- v. Market Sourcing.
- vi. Specialized Procurements.
- vii. Asset protection.
- viii. Output/throughput works measurement.
- ix. Supply Chain Management as a Profit Centre.
- x. Public Participation in procurement.
- xi. Emergence Preparedness
- xii. Performance Management
- xiii. Sustainable Procurement.
- xiv. Geopolitics
- xv. Digital Transformation
- xvi. Block-Chain in Procurement
- xvii. Green Procurement.

##### **i. Supplier/Contractor Identification**

Our prospective suppliers are invited through publication in The Star vide MyGov pull-out every two years happening in the odd year. The invitation acts as a clarion call but the registration is on-going and the registers updated every 6 months so that newly registered companies are not disadvantaged. From the traditional manual registration to the technocognizant e-procurement platform where they open accounts and can update profile upon logging into the system. This arrangement is facing a phase out with E-GP taking effect from July 2025 whereby all suppliers are expected to register in a system that is touted to cut on the lead times for deliveries and hasten the evaluation process.

##### **ii. Supplier/Contractor Segmentation**

To promote competition Kenya Rural Roads Authority has segmented the works, goods and services and employed the diversity of the procurement methods to source. For works

categorization has been done to register contractors as eligible to carry out grading and graveling, structures and paved roads. This is to encourage specialization and achieve better outcomes. Services, are broken down to those under service level agreement, annual contracts and framework agreement. This is intended to improve on quality of service and reduce the delivery times/lead times. In the near future the Authority is working to further bring on board PPPs'-Public Private Partnership contractors or such consortiums to save government on financial resources. The big contractors are also getting into DBOs'-Design Build and Operate with the authority coming first with the virtual weighbridges intended to protect the road asset against accelerated deterioration arising from overloading by trucks.

### **iii. Management of Supplier/Contractors**

Contracts are packaged in such a way as to have all contractor categories are on board. International Tenders for the very large and complex contracts, National Tenders for local contractors also broken down to the newly registered contractors. To comply with article 55 of the Constitution of Kenya 2010, affirmative action has been actualized in the setting aside of at least 30% of the value of the procurement opportunities for Youth, Women and Persons Living with Disabilities. The Authority has started putting into use the Community participation in procurement of works especially in the far-flung counties to both help in community ownership of the projects and also offer employment opportunities for the local community

### **iv. Operationalization of Performance Indicators**

To assist stakeholders, understand the performance of contracts, especially the paved roads, a new performance measure is in place whereby the completion is staged and measured vide milestone. This is line with transparency in procurement clearly anticipated in the article 227 of the constitution. In sectional/staged completion a final surface of the works has to be achieved for a pre-determined length. The stakeholders can as well confirm the works done. Public participation has been in use before the start or at the launch of the projects so that the community also assists in realization of value for money.

### **v. Market Sourcing**

Sourcing at KeRRA is done in line with best practices in the market, and consolidation of orders is at play to take advantage of economies of scale from the volumes of purchase especially for goods. Central sourcing of works also happen at the headquarters for some works exceeding a set threshold that the regional offices cannot handle. Works exceeding set threshold are centrally procured at the headquarters through Open National Tender, open tendering is the preferred method of procurement at KeRRA. The Authority is also making use of public entities list of suppliers for those services that we as an authority rarely use, a case in point is the use of Helicopters seldom used during launching or commissioning of road projects by the top executive.

### **vi. Specialized Procurements**

Market expectation for complex works is handled by contractors with undoubted capacity. Some contracts are done under design and build or a more recently, hybrid. In the hybrid system the design is done jointly together with the contractor as the case with Masalani Bridge

in Garissa/Tana River County(s). Some projects under the LVS programme have also borrowed from the hybrid approach to deliver better outcomes and build local capacity for the Engineers.

**vii. Asset Protection**

The assets ranging from fixed assets to road asset are now managed for protection. The road corridors are being demarcated to protect against encroachment and elaborate programmes have been developed to protect the road damage through overloading with weighbridge programmes both fixed, mobile and virtual. Timely road maintenance interventions are also geared to mitigate the otherwise high costs of reconstruction. Under ISO 55000, the Authority is investing in procurement of specialized devices to help identify defects developing early and institute intervention before the cost to correct is goes way too high. Such specialized equipment is directly sourced from the proven players in the rather young manufacturing sector.

**viii. Output/Throughput Works Measurement.**

To address the expectation of stakeholders to complete projects and coupled with need to support contractors, KeRRA has put in place the Milestone concept to measure and payment for the works. Milestone allows the stakeholder to experience the part-finished and still pay the contractor part and therefore support the contractors financially and assist them to grow. This is in line with expected partnership between the buyers and sellers to deliver more satisfaction with consumers. An adjustment was made on the procured contracts to align with the reality of runaway pending bills that was bogging down some contractors in achieving the initial milestones set after the pleadings from the local contractors. The changes reduced the amounts on the certificates raised by the contractors to avoid stalling of projects and dually address the adverse potential of interest on delayed payments of certified works.

**ix. Supply Chain Management as a Profit Centre.**

The emerging trends in supply chain call for Supply Chain to operate as a profit centre that in its operation achieve saving while maintaining the quality of goods and services. At KeRRA the procurements are done upon fair cost establishment through market survey and updated works book that guide identification of contractors. The procurement unit/SCM is receiving pressure that not only should it be the custodian of the Public Procurement Law but justify its existence by showing measurable results on the losses that would have been suffered in its absence. Continuous publication of the work handbook anticipated in the procurement law is a move in the direction of tailoring the rates to match the reality on the ground in the diverse location the Authority operates in, instead of using one rate for the entire country

**x. Public Participation in Procurement Process.**

The identification of works programmes to be implemented in a financial year in the 47 region is through CRCs-Constituency Roads Committees. This helps the authority's programmes to be embraced by the affected communities where the projects pass through and thus ease the implementation. Vandalism has been a problem that has affected some project road furniture and this approach is surely helping to bring it under manageable levels.

**xi. Emergence Preparedness.**

As an authority, to help mitigate the effects of unforeseen emergencies, KeRRA has appraised contractors to deal with situation on the road works should there be a situation requiring immediate intervention.

**xii. Performance Management.**

To assure the projects are implemented as intended and achieve value for money, there are Contract Implementation Team for all large contracts that review the progress that they are delivered on time as designed unless appraised otherwise. The contract supervision through teams is an emerging policy to increase objectivity on assessment of performance of projects.

**xiii. Sustainable Procurement.**

The Authority is currently operationalizing sustainable measures in the services we procure, right from disposal, in a year 2 disposals have been programmed and realized in the financial year 2024-2025, despite a poor up-take of the disposal. We intend to sensitize the general public on the disposal to spur its growth. At procurement, the Authority is now giving due consideration on the cost of disposal as part of the assets total cost alternatively known as full cycle procurement.

**xiv. Geopolitics**

Because legislation is done in the political arena-parliament it has caused a new order to be in place where as an Authority we are enforcing the rule of 40% local materials sourcing and compulsory understudy arrangement for technical staff to enable skill transfer. This has been embedded in the tender document and the contracts have to comply while executing contracts arising from the procurements. A delicate balance is also being done for localized contractors in select works so that commercial terms do not disadvantage the local contractors.

**xv. Digital Transformation**

Artificial Intelligence (AI) has come into being and the Authority is warming up to its use by first having the ERP/EGP so that information is on the digital platform and the artificial intelligence has handle it, areas ear-marked for this are stores and the entire process of ordering up to and including LPOs and LSOs. The AI will give predictions and cut on stock level thus freeing resources otherwise tied in the stocks.

**xvi. Block-Chain in Procurement**

SCM is currently towards reaping the full potential of block-chain procurement owing to its ability to enhance transparency in the bidding process. The campaign to have this approach in place will deliver faster and secure payment to suppliers.

**xvii. Green Procurement**

The Authority has embarked on a journey towards achieving green procurement and the steps taken so far are cutting on items with a higher carbon print where alternatives exist. Such is the case with motor vehicle purchases with a higher capacity engine and use of shared transport. In the procurements being made the packaging now has an element of tree planting to both claim carbon credit and protect the road corridors.

## **5. Community Engagements**

The Authority, during the FY/2024/2025, allocated a total of **Ksh. 6 million** to its Corporate Social Responsibility (CSR) Program, thereby reaffirming its strategic commitment to fostering inclusive and sustainable community development. This financial commitment reflects the Authority's broader mandate to not only deliver on its core regulatory functions but also to play a proactive role in improving the social and environmental well-being of the communities in which it operates.

During the reporting period, the Authority received a substantial number of formal requests for support from diverse community-based organizations, learning institutions, and non-profit entities. In response, the CSR Committee judiciously assessed these requests and channeled the entire CSR allocation towards initiatives that aligned with its core values and objectives. As a result, the funds were fully utilized in support of high-impact programs and interventions.

The CSR initiatives implemented during this period had a tangible and far-reaching impact, particularly among vulnerable and marginalized groups. In line with its commitment to promoting equitable access to education, the Authority supported several education-focused projects, including the donation of furniture to Bububu Junior Secondary School and Thome Comprehensive Junior Secondary School, which significantly improved the learning environment for pupils.

In addition, the Authority actively promoted environmental conservation through tree-planting campaigns, most notably in the Maragoli Hills and Chemususu forest, contributing to efforts aimed at restoring degraded landscapes and mitigating the effects of climate change.

Another notable intervention was the support provided to the Tunyai Children Centre and Springs of Hope Rehabilitation Centre, which offer care and shelter to vulnerable children. This initiative underscored the Authority's dedication to protecting and uplifting the neediest in society.

Below is a tabulation of all CSR activities carried out in the FY2024/2025.

<b>NO.</b>	<b>PROJECT NAME</b>	<b>PARTICIPANTS/SCOPE</b>	<b>DETAILS</b>	<b>LOCATION</b>	<b>DATE</b>	<b>AMOUNT (Kshs)</b>
1.	Association of Engineering Students-TUK	KeRRA staff, government Agencies, and Student bodies	Conference for the Associates of Engineering Students in Kenya	Nairobi County	November, 2024	200,000
2.	Chemasusu Half Marathon	KeRRA staff and other agencies supporting the programme	Sponsorship fee to focus on conserving the Chemususu Dam and its catchment area	Baringo County	October, 2024	851,200
3.	Dorothea Rescue Centre (Children's Home)	PAC Department and a team of Staff Golfers participated	A charity event to support educational needs for the vulnerable children	Machakos County	December, 2024	312,250
4.	Kaptama Health Centre-Dispensary	The CSR committee witnessed the handover of the furniture	Request for financial assistance to attend patients' needs.  Donations include 10 beds with mattresses	Bungoma County	January, 2025	593,500
5.	AGC Tipet Girls' High School	The CSR committee witnessed the handover of the foodstuffs	Purchase of dry foodstuffs, stationery, and beddings for the needy students	West Pokot County	March, 2025	411,500
6.	Engineering Students Association Annual Conference (ESA)	PAC Department, government Agencies, and Student bodies	Conference for the Associates of Engineering Students in Kenya	Nairobi County	March, 2025	500,000
7.	Nyeri Hospice Charity Tournament	KeRRA golfers' team, PAC, Regional Office staff, and Associated agencies	A charity event to support the hospice that supports terminal ill patients	Nyeri County	March, 2025	419,800

8.	Bububu Junior Secondary School	PAC Department and the Regional Office Staff	Request for support of Furniture/desks for learners Donations received were 100 desks and 100 chairs	Tana River County	May, 2025	603,400
9.	Mater Heart Run	KeRRA staff, the Public, and other agencies supporting the cause	Catholic Mission in support of Children with heart defects	Nairobi County	May, 2025	500,000
10.	Springs of Hope Rehabilitation Centre	CSR representatives and, PAC Department attended the handover of the stuff	A request to support the vulnerable children in purchasing foodstuffs, stationery, and toiletries	Nairobi County	June, 2025	330,000
11.	Tunyai Children's Centre (TCC)	PAC Department	A children's home requesting foodstuffs and the construction of a toilet	Tharaka Nithi County	June, 2025	541,100
12.	Thome Comprehensive Junior Secondary School	PAC Department	Request for support of furniture for learners Donations received were 57 desks and 57 chairs	Kiambu County	June, 2025	259,500
13.	Maragoli Hills Community Forest Association	KeRRA staff (HQ) and Regional Office staff	Invitation for a partnership and support Adopt a section within the forest and plant tree seedlings	Vihiga County	June, 2025	554,300

## **REPORT OF THE DIRECTORS**

The directors submit their report together with the audited financial statements for the year ended 30th June 2025, in accordance with the provisions of section of the 38 of Kenya Roads Act 2007 which disclose the state of affairs of the Authority.

### **Principal activities**

The principal activity of the Authority is the management, development, rehabilitation and maintenance of the Rural Road Network in Kenya classified as C and others.

### **Results**

The results for the Authority for the year ended 30<sup>th</sup> June 2025 are set out on page 1

### **Directors**

The directors who held office during the year and to the date of this report are set out on page vii-xi.

### **Auditors**

The Auditor General is responsible for the statutory audit of the Authority's books of account in accordance with the provisions of Article 229 of the Constitution of Kenya, Kenya Roads Act 2007 and the Public Audit Act, 2015

By order of the Board

Name : Eng. J.K. Magondu

Signature..........Date.....

**Secretary to the Board**

## STATEMENT OF DIRECTORS RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on 30<sup>th</sup> June 2025. 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 Authority.
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- (iv) Safeguarding the assets of the Authority.
- (v) Selecting and applying appropriate accounting policies.
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended 30<sup>th</sup> June 2025, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The Authority's financial statements were approved by the Board on 18<sup>th</sup> August 2025 and signed on its behalf by:

Signature:.....

Name: Eng. J.K. Magondu  
Ag. Director General

Signature.....

Name: Mr Anthony Mwaura CBS  
Chairperson of the Board

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA RURAL ROADS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025**

---

### **PREAMBLE**

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

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

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

The three parts of the report 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**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kenya Rural Roads Authority set out on pages 1 to 37 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts for the year then ended

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Rural Roads Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Roads Act, 2007 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in Receivables**

The statement of financial position and as disclosed in Note 20 to the financial statement reflects receivables from non-exchange transaction balance of Kshs.1,332,102,000. The amount includes other receivables balance of Kshs.1,217,247,000. However, review of receivables records revealed a credit balance of Kshs.13,543,727 which has the effect of reducing the amount receivable. The setting-off creditors against receivable is contrary to provisions of IAS 1 Paragraph 32 that prohibit set-off.

In the circumstance, the accuracy and completeness of other receivables balance of Kshs.1,217,247,000 could not be confirmed.

#### **2. Variances in Inter-Agencies Balances on Fuel Securitization**

The statement of financial performance reflects Road Maintenance Levy Fund balance of Kshs.21,174,904 which, as disclosed in Note 6 to the financial statements is net of an amount of Kshs.27,004,508,000 in respect of receipts from proceeds of the securitization facility by the Kenya Roads Board (KRB). However, corroboration of the recorded balance maintained in the KRB financial statements reflects disbursement to the Authority of Kshs.27,527,809,000 resulting to an unexplained variance of Kshs.523,301,000.

Further, details of the pending bills that were earmarked for settlement through the proceeds from the securitization fund were not provided for audit and hence it was not possible to establish the extent of settlement of the pending bills with the proceeds from the securitization funding model.

In addition, there was no documentation to show the total admitted pending bills for the Authority as at 31 December, 2024(cut off the month) for settlement using the proceed from securitization and the balance to be settled when full disbursement of the securitization proceeds is received.

In the circumstances, the accuracy and completeness of the funds from securitization balances could not be confirmed.

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

## **Emphasis of Matter**

### **1. Long Outstanding Payables from Exchange Transactions**

The statement of financial position and as disclosed in Note 25 to the financial statements reflects payables balance of Kshs.60,581,133,000 which comprised of current and non-current payables amounts of Kshs.52,722,263,000 and Kshs.7,858,869,000 respectively. However, review of the liabilities' records revealed that the payables decreased by Kshs.16,998,674,000 or 22% of total outstanding amount from the balance Kshs.77,579,807 reported in the previous year. Failure to settle payable when due distorts budget for the succeeding year as they form first charge.

### **2. Long Outstanding Receivable**

The statement of financial position and as disclosed in note 20 to the financial statements reflects a balance of Kshs.19,604,744,000 in respect receivables from exchange transactions balance which has been outstanding for more than three (3) year. However, Management had not developed a credit policy to guide on treatment of long outstanding receivable. The recoverability of the receivable balance of Kshs.19,604,774,000 could not be confirmed.

My opinion is not modified in respect of these matters

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There are no other key audit matters to communicate in my report.

## **Other Matter**

### **Unresolved Prior Year Matters**

In the prior year audit report, several issues were raised under the Basis for Qualified Opinion, Emphasis of matter and Report on Lawfulness and Effectiveness in the Use of Public Resources. Review of the status during audit of the Authority in 2024/2025 revealed that the following five (5) issues remained unresolved:

<b>NO.</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Inaccuracy in property, plant and equipment
2	2023/2024	Long Outstanding Payables from Exchange Transaction
3	2023/2024	Under-Utilization of ERP System in Operation
4	2023/2024	Delayed Road works
5	2023/2024	Non-compliance with Third Basic Salary Rule

### **Other Information**

Management is responsible for the Other Information set out on page v to li which comprise of Key Authority's Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Director General, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Delayed Completion of Road Works**

Review of project records revealed that the Authority has one hundred and thirty-six (136) ongoing projects. However, the latest progress report showed two projects, Kadel - Kanyadhiang' Centre - Kilosi - Opanga - Ramba, Kadongo - Got Rateng' - Kawuor Market - Linda Roads-Phase 2 the (RWC 656) and Kakamega- Navakholo-Musikoma(C41/C777) Road (RWC 661) which appears not to have started. Management did not provide an

explanation for this unsatisfactory situation. Further, the report revealed that forty-three (43) projects with a total contract sum of Kshs.69,406,339,571 and with commencement dates ranged between April, 2020 and October, 2022 with certified works amount of Kshs.1,163,643,188 were behind scheduled time. Management explained that out of certified amount, an amount of Kshs.469,721,270 had been paid leaving balance Kshs.693,921,918 unpaid, resulting to slow progress of work.

In addition, forty-seven (47) projects under performance based routine maintenance were at 100% completion with contract sum of Kshs.95,721,133,880. The progress report showed that certified payments totaled Kshs.83,300,158,832 with Kshs.68,884,853,066.56 having been paid as at June, 2025 leaving a balance of Kshs.13,188,431,927 unpaid despite works having been completed. Further, delayed settlement of pending bills may attract avoidable interest penalties.

In the circumstances, value for money already incurred on incomplete projects could not be confirmed.

## 2. Non-Compliance with Third Basic Salary Rule

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects an amount of Kshs.2,836,247,000 in respect of employee costs. Review of the Authority's monthly payrolls revealed that various staff members earned basic salaries below a third of their basic salary as analyzed below:

Months	Basic Salaries Kshs.	Net Salaries Kshs.	1/3 Basic Salaries Kshs.	Variance Kshs.
July 2024	8,741,600.00	2,467,145.75	2,913,866.67	(446,720.92)
August 2024	6,302,900.00	1,746,735.98	2,100,966.67	(354,230.69)
September 2024	6,928,700.00	1,946,209.34	2,309,566.67	(363,357.33)
October 2024	16,901,900.00	4,997,475.22	5,633,966.67	(636,491.45)
November 2024	15,407,900.00	4,531,708.54	5,135,966.67	(604,258.13)
December 2024	16,569,700.00	4,922,745.49	5,523,233.33	(600,487.84)
January 2025	7,482,000.00	2,084,017.80	2,494,000.00	(409,982.20)
February 2025	12,282,900.00	3,632,391.54	4,094,300.00	(461,908.46)
March 2025	10,978,700.00	3,239,300.42	3,659,566.67	(420,266.25)
April 2025	10,637,000.00	3,158,795.92	3,545,666.67	(386,870.75)
May 2025	10,688,700.00	3,195,141.42	3,562,900.00	(367,758.58)

This was contrary to Part III Section C.1 (3) of the PSC Human resource policies and procedures manual (2016).

In the circumstances, Management was in breach of Public Service Human resource policy.

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

## REPORT ON 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, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Understaffing of the Staff Establishments**

Review of human resource records revealed that the Authority has an approved staff establishment of one thousand two hundred and nine (1209) members of staff. However, the Authority had only five hundred and nineteen (519) in- post at 30 June, 2025 resulting to staff shortfall of six hundred ninety (690) or 57% of the establishment. The understaffing may affect service delivery as result of worked overload to existing staff members.

In the circumstances, effectiveness of the overloaded work force could not be confirmed.

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

#### **Responsibilities of the Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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


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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

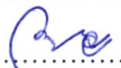
Nairobi


19 December, 2025

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

		2024-2025	2023-2024
		Jun-25	Jun-24
	Note	Shs'000	Shs'000
<b>REVENUE</b>			
<b>Revenue from Non Exchange Transactions</b>			
Road Maintenance Levy Fund	6	21,174,904	27,953,255
Government Grants	7	13,388,750	6,197,600
Development partners' Grants	8	525,644	664,221
<b>Total Revenue from Non Exchange Transactions</b>		<b>35,089,298</b>	<b>34,815,076</b>
<b>Revenue from Exchange Transactions</b>			
Finance Income	9	2,735,278	2,108,165
Other income	10	106,439	6,397
Rental Revenue	11	1,262	840
<b>Total Revenue from Exchange Transactions</b>		<b>2,842,979</b>	<b>2,115,402</b>
<b>Total Revenue</b>		<b>37,932,277</b>	<b>36,930,478</b>
<b>EXPENDITURE</b>			
Road Works costs	12	32,910,758	40,255,202
Directors' Costs	13	31,062	30,034
Employment Costs	14	2,836,247	3,095,950
Repairs and maintenance	15	94,706	122,531
Other Operating Costs	16	499,614	725,740
Depreciation and amortization expense	17	82,120	61,933
<b>Total Expenditure</b>		<b>36,454,507</b>	<b>44,291,390</b>
<b>Taxation</b>	19	806,104	634,788
<b>Operating Surplus/(Deficit) for the year</b>		<b>671,666</b>	<b>(7,995,701)</b>

The significant accounting policies on pages and the notes on pages 7 to 34 form an integral part of these financial statements.

  
Principal Accountant  
CPA William Abungu  
ICPAK M. No: 4479  
Date: 28/06/2025


  
Ag. Director General  
Eng. J.K. Magundu  
Date: 28/06/2025


  
Director  
Date: 28/06/2025


## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		2024-2025	2023-2024
	Note	Jun-25 Shs'000	Jun-24 Shs'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18	52,311,796	37,372,914
Receivables from exchange transactions	20	19,785,678	19,736,923
Receivables from non exchange transactions	20	1,332,102	6,243,989
Inventories	21	3,028	4,625
		<u>73,432,604</u>	<u>63,358,452</u>
<b>Non-Current Assets</b>			
Property Plant and Equipment	22	267,931	184,374
Road Infrastructure Assets	23	109,637,051	123,790,704
Capital Work In Progress	24	189,200,957	187,513,487
		<u>299,105,939</u>	<u>311,488,565</u>
<b>Total Assests</b>		<u>372,538,542</u>	<u>374,847,016</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	25	52,548,025	69,622,951
Payables from Non-Exchange transactions	25	-	-
Employee benefit obligation	26	174,238	245,241
		<u>52,722,263</u>	<u>69,868,192</u>
<b>Non Current Liabilities</b>			
Payables from exchange transactions	25	7,858,869	7,711,615
		<u>7,858,869</u>	<u>7,711,615</u>
<b>Total Liabilities</b>		<u>60,581,133</u>	<u>77,579,807</u>
<b>Net Assets</b>		<u><b>311,957,410</b></u>	<u><b>297,267,209</b></u>
<b>REPRESENTED BY:</b>			
GOK Development Fund	SCNA	423,156,271	371,707,826
Road Infrastructure Acc.Deprn Reserve	SCNA	(98,233,091)	(60,799,002)
Staff Mortgage Fund	SCNA	555,586	551,408
Accumulated(Deficit)/ Surplus	SCNA	(13,521,356)	(14,193,022)
<b>Total Net Assets and Liabilities</b>		<u><b>311,957,410</b></u>	<u><b>297,267,209</b></u>

The significant accounting policies and the notes on pages 7 to 34 form an integral part of these financial statements. The financial statements on pages 1 to 6 were approved for issue by the board of directors on 18/08/2025 and were signed on their behalf by:

  
Principal Accountant  
CPA William Abungu  
ICPAK M. No: 4479  
Date: 28/08/2025

  
Ag. Director General  
Eng. J.K. Magundu  
Date: 28/08/2025

  
Director  
Date: 28/08/2025

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

	Note	Accumulated Surplus Shs'000	GOK Development Fund Shs'000	Staff Mortgage Fund Shs'000	Road Infrastructure Acc. Deprn. Shs'000	Total Shs'000
<b>At 1st July 2023</b>		(6,197,321)	349,866,916	546,960	-	321,436,765
Funds received during the year		-	21,840,910	4,449	(60,799,002)	22,646,869
Surplus for the Period		(7,995,701)	-	-	-	132,921
<b>At 30th June 2024</b>		(14,193,022)	371,707,826	551,408	(60,799,002)	297,267,210
<b>At 1st July 2024</b>		(14,193,022)	371,707,826	551,408	(60,799,002)	297,267,210
Movements during the year		-	51,448,445	4,178	(37,434,089)	14,018,534
Surplus for the Period		671,666	-	-	-	671,666
<b>At 30th June 2025</b>		(13,521,356)	423,156,271	555,586	(98,233,091)	311,957,410

The significant accounting policies and the notes on pages 7 to 34 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

		2024-2025 Jun-25 Shs'000	2023-2024 Jun-24 Shs'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities		91,462,634	51,256,748
Rental revenue from facilities and equipment		1,262	840
Finance income		2,735,278	2,108,165
Other income		106,439	6,397
<b>Total receipts</b>		<u>94,305,613</u>	<u>53,372,150</u>
<b>Payments</b>			
Use of goods and services		(510,632)	(730,347)
Employee costs		(2,907,638)	(3,028,861)
Board Expenses		(31,062)	(30,034)
Repairs and maintenance		(94,706)	(122,531)
Contracted services		(49,887,184)	(25,290,537)
Taxes		(806,104)	(634,788)
<b>Total payments</b>		<u>(54,237,326)</u>	<u>(29,837,099)</u>
<i>Net cash flows from/(used in) operating activities</i>		<u>40,068,287</u>	<u>23,535,050</u>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	22	(165,682)	(21,235)
Proceeds from sale of PPE		-	-
Investment in Road Infrastructure	24	(24,967,901)	(34,446,779)
Sale of investments		-	-
<b>Net cash flows from/(used in) investing activities</b>		<u>(25,133,583)</u>	<u>(34,468,014)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from Mortgage Fund	SCNA	4,178	4,449
<b>Net cash flows from financing Activities</b>		<u>4,178</u>	<u>4,449</u>
<b>Net increase/(decrease) in cash &amp;</b>		<b>14,938,882</b>	<b>(10,928,515)</b>
<b>Cash equivalents</b>			
Cash and cash equivalents at the Start of Year		<u>37,372,914</u>	<u>48,301,429</u>
Cash and cash equivalents at the End of the Period	18	<u>52,311,796</u>	<u>37,372,914</u>

Cash flow for previous year has been re-stated to comply with the requirement of direct method of presentation.

The significant accounting policies and the notes on pages 7 to 34 form an integral part of these financial statements.

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FY 2024/2025

	Note	Actual on					% Variance	
		Original Budget	Adjustments	Final Budget	comparison	Performance		
		2024-2025	2024-2025	2024-2025	Basis	Difference		
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	
<b>Revenue</b>								<b>27,134,353,665.00</b>
Road Maintenance Levy Fund	6	27,134,354	25,729,230	52,863,583	48,179,412	(4,684,171)	-9%	25,859,075,173.00
Government Grants	7	38,411,072		38,411,072	37,832,687	(578,384)	-2%	1,275,278,492.00
Development partners' Grants	8	2,815,401		2,815,401	525,644	(2,289,757)	-81%	
Finance Income	9	1,553,670		1,553,670	2,735,278	1,181,608	76%	
Other income	10	55,500		55,500	106,439	50,939	92%	
Rental Revenue	11	2,000	-	2,000	1,262	(738)	-37%	
				-				
<b>Total Revenue</b>		<u>69,971,996</u>	<u>25,729,230</u>	<u>95,701,226</u>	<u>89,380,723</u>	<u>(6,320,503)</u>		
<b>EXPENDITURE</b>								
Road Works Costs-Maitenance	12	26,093,968.02		26,093,968	19,003,780	(7,090,188)	-27%	
Directors' Costs	13	30,000		30,000	18,946	(11,054)	-37%	
Employment Costs	14	3,381,179		3,381,179	2,848,363	(532,816)	-16%	
Repairs and maintenance	15	77,500		77,500	94,706	17,206	22%	
Other Operating Costs	16	1,144,026.46		1,144,026	499,614	(644,412)	-56%	
Depreciation and amortization expense	17	80,000		80,000	82,120	2,120	3%	
Taxation		526,251		526,251	806,104	279,853	53%	
Exchequer Fund-Maintainance		9,214,583		9,214,583	13,906,978	(4,692,394)		
Transfer to GOK Fund		29,196,488		-	51,448,445	(51,448,445)		
Fixed Assets Purchase		228,000		228,000	165,682	62,318		
<b>Total Expenditure</b>		<u>69,971,996</u>	<u>-</u>	<u>40,775,508</u>	<u>88,709,057</u>	<u>(64,120,131)</u>		
<b>Operating Surplus for the year</b>		<u>-</u>	<u>25,729,230</u>		<u>671,666</u>	<u>57,799,628</u>		

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT  
DISCUSSION**

1. RMLF Revenue
  - Delayed Release by KRB and court case by Council of Governors.
2. Governments Grants Shortfall-
  - This is due to delayed Exchequer of Release of Counterpart and regular Funding by National Treasury.
  - The Authority Received 97 % of its Exchequer Budget in June 2025
3. Finance Income. -increase in interest rate paid by the banks.
4. Other Income-Suppressed levels of economic activities
5. Directors cost not fully absorbed due to austerity measures.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

Kenya Rural Roads Authority (KeRRA) is a State Corporation established under the Kenya Roads Act 2007. The Authority is headed by a Board of Directors led by a chairman with the Director General being the Chief Executive of the Authority.

The Kenya Roads Act 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. However, the Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). In line with this provision, the road network in Kenya was reclassified vide Kenya Gazette Notice of 22<sup>nd</sup> January 2016 by the State Department of Infrastructure. National trunk roads in Class C totaling 19,504 Km were vested to the Authority by the Cabinet Secretary. A further reclassification by the Cabinet Secretary on 8th May 2020 revised the Authority network to 28,149.8of national trunk road network in Class C.

### 2. Statement of compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Kenya Rural Roads Authority accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya Rural Roads Authority. The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standards Board (IPSASB), the Public Finance Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Act 2007.

### 3. Adoption of new and revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standard issued in the period

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 43	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective

Standard	Effective date and impact:
	<p>is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The Authority has not been impacted by the standard.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The Authority has incorporated the aspects of infrastructure accounting as guided by the standard.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li data-bbox="596 1688 1412 1809">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li data-bbox="596 1816 1412 1890">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li data-bbox="596 1897 1412 2018">iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol>

Standard	Effective date and impact:
	<p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The Authority has not been impacted by the standard.</p>
<p>IPSAS 47- Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The Authority has not been impacted by the standard.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The Authority does expect a significantly impacted by the standard</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The Authority does expect a significantly impacted by the standard</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> </ol>

Standard	Effective date and impact:
	<p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p>The Authority does expect a significantly impacted by the standard</p>

*iii. Early adoption of standards*

The entity did not early – adopt any new or amended standards in year 2024.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of Preparation**

The financial statements have been prepared under the historical cost convention, unless otherwise stated. The Financial Statements are presented in Kenya Shillings which is the functional and reporting currency of the Authority and all values are rounded to the nearest thousand (Ksh 000).

**(b) Presentation of Financial Statements**

The financial statements comprise of statement of financial performance, statement of financial position, statement of changes in net assets/reserves, the statement of cash flows and statement of comparison of budget and actual amount and the notes to the financial statements.

The Authority classifies its expenditure by the nature of expense methodology.

The disclosure on risks are presented in the financial risk management objectives and policies contained in note 5.

**(c) Budget Information**

The original budget for FY 2024-2025 was approved by the National Assembly in June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**(d) Taxation**

The Authority is an appointed tax agent for Kenya Revenue Authority with the mandate to withhold tax and remit to Kenya Revenue Authority. The withheld taxes are recognized as current liabilities until paid to the relevant Authority.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Tax in the statement of Financial performance relates to Income tax payable on interest income earned by the authority. The relate applicable is the corporation tax rate.

**(e) Translation of foreign currencies**

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

**(f) Revenue recognition**

Revenue comprises the fair value of consideration received or receivable in the ordinary course of business. In accordance with the Kenya Roads Act 2007, revenue comprises all proceeds from the Kenya Roads Board Fund, Grants, Loans and donations from Central Government and Development partners, and such moneys, sums or assets that may accrue to the Authority. The revenue is for specified purposes including maintenance, rehabilitation and development of the rural road network in Kenya.

The Authority recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Authority.

***i) Road Maintenance Levy Fund***

Receipts from the Road Maintenance Levy Fund comprise of 32% of collections from the Road Maintenance Levy Fund administered by the Kenya Roads Board in accordance with the Kenya Roads Board act 1999.

Proceeds from the Road Maintenance Levy Fund are generally recognized in the Statement of Financial Performance on accrual basis.

***ii) Agricultural Cess***

The Agricultural Cess comprises of 80% of all monies collected as Cess in respect of tea and coffee as per Agricultural Act. The fund is administered by Kenya Roads Board. Proceeds from agricultural Cess are recognized in the Statement of Financial Performance on accrual basis.

***iii) Transfers from Government and other entities***

The Kenya Roads Act 2007 provides the Authority may receive all monies from any other source provided for or donated or lent to the Authority. Such monies are

recognized as they accrue in the period in which the transfer becomes binding at fair value, in the 'Statement of Financial Performance', unless the collectability is in doubt. The fair values can be determined by reference to the market rate.

Where a transfer is subject to conditions that if unfulfilled require a return of the transferred resources they are recognized as a liability until the condition is fulfilled.

**iv) Interest Income**

Interest income and expense, including interest income from non-derivative financial assets are recognized at fair value through the Statement of Financial Performance using the effective interest method. Interest income is accrued on a time basis and is calculated on call and fixed deposits held with approved banking institutions.

**v) Rental Income**

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

**vi) Other income**

Other income arising from sale of tenders and fees levied by the Authority is accounted for on receipt

**(g) Financial Instruments**

**(i) Financial assets**

Financial assets within the scope of IPSAS 29 are classified as financial assets at fair value through surplus or deficit, receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

**Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money or services directly to a debtor with no intention of trading the receivable. Receivables mainly arise from non-exchange transactions which accrue in the ordinary course of business and there is no intention of trading the receivable.

Receivables are recognized initially at the fair value. They are subsequently measured at amortized costs using the effective interest method less provision for impairment.

A provision for impairment of receivables is made when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

The carrying value less discounts and any impairment provision of impairment is assumed to approximate their fair values. For financial instruments such as short term receivables, no disclosure of fair value is required when the carrying amount is a reasonable approximation of fair value.

The Authority is allocated funds by the Government and Kenya Roads Board in accordance with the approved budget and allocation criteria set out in the Kenya Roads Board Act, 1999. The amounts allocated are referred to as 'disbursements' and are released to the Authority based on the disbursement schedule. Any amounts not released at any time are recognized as receivables.

Receivables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets.

**(ii) Financial Liabilities**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

### ***Payables***

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables also include payments in respect social benefits where formal agreements for specific amounts exist.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The historical cost carrying amount of payables subject to the normal credit terms usually approximates fair value. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

#### **(h) Provisions**

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period end, taking into account the risks and uncertainties surrounding the obligation.

### ***Contingent Liabilities***

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

### ***Contingent assets***

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

#### **(i) Operating leases**

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made/received under operating leases are charged/credited to the statement of financial performance on a straight line basis over the lease period. Prepaid operating lease rentals are recognized as assets and are subsequently amortized over the lease period.

#### **(j) Provision for liabilities and charges**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### **(k) Property, plant and equipment**

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related

hardware is capitalized as part of the computer equipment. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of financial performance in the year in which they are incurred.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over its estimated useful life, and 365 day calendar year adopted, using the following annual rates:

	<b>Rate - %</b>
Buildings	2.5%
Computers	33.3%
Furniture and Fittings & Fixtures	12.5%
Technical Equipment/Machinery	12.5%
Motor Vehicles	25.0%
Road Infrastructure Assets (Butimen Roads)	10.0%
Road Infrastructure Assets (Bridges )	2.5%

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

#### **(I) Specialised Public Service Assets-Infrastructure Assets**

International Valuation Standards Committee defines specialized public asset as an asset, owned and/or controlled by a governmental or quasi-governmental entity, for the provision of some public service or good.

The authority deals in construction of roads infrastructure which falls in this category and constitutes part of property, plant and equipment within the meaning of IPSASs.

Like other assets, all specialized public service assets provide either service potential or future economic benefit. Service potential is a measure of the capacity of an asset to provide services or benefits to those that use that asset. Future economic benefit is a measure of the capacity of an asset to provide monetary benefits to those that hold or own that asset.

**(m) Construction contracts**

A construction contract is defined as a contract specifically negotiated for the construction of an asset. Contract costs are recognized as assets in the period in which they are incurred.

Where the outcome of a construction contract can be estimated reliably, costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its payment is considered probable.

The Authority uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Progress billings not yet paid to the contractors and retention are included within 'Payables' in the statement of financial position.

Costs incurred on maintenance contracts are charged in the statement of financial performance in the period in which they are incurred.

**(n) Impairment of Non-Financial Assets**

At each reporting period end, based on internal and external sources, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset.

Impairment losses are recognized as an expense in the Statement of Financial Performance whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of impairment loss is limited to the assets carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is credited to the Statement of Financial Performance in the year reversals are recognized.

**(o) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition is accounted for, based on purchase cost using the weighted average cost method.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority

**(p) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the various commercial banks at the end of the financial year.

**(q) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. The net assets are made up of designated funds and accumulated reserve which are explained as follows:

**(i) Staff Mortgage Fund**

The Authority established independently managed staff Mortgage Scheme Funds for members of staff. The scheme is based on a minimum cash balance at the Kenya Commercial Bank account commensurate with the mortgage amount. This cash balance, built up for the scheme as a revolving fund.

**(ii) Capital Fund**

The Authority proposes to establish a Capital Fund for the purpose of purchase of office, property, plant and equipment.

**(iii) Accumulated surpluses/Deficit**

Accumulated surpluses/ (deficit) represent excess operating revenue over expenditure which has accumulated over the years. These funds are available for utilization in the Authority's operations in the subsequent years.

**(iv) Development Fund**

Development fund represents the Authority's investment in infrastructure assets as funded by the exchequer development vote.

**(r) Changes in accounting policies and estimates**

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

**(s) Employee Benefits**

The Authority provides retirement benefits for its eligible employees. The Authority operates defined contributions provident fund administered by an independent administration company and trustees and which is funded by both the employee and employer.

The Authority and its employees also contribute to the statutory pension scheme, The National Social Security Funds (NSSF). Contributions are determined by the local statute. The Authority also sets aside on monthly basis the gratuity for its employees who are on contract basis.

The contributions to fund obligations for the payment of retirement benefits are charged to the statement of financial performance in the year in which they become payable.

The total expense recognized in the income statement of Shs Million (2024-2025): Shs 259.9 Million) represents contributions payable to the plan by the Authority at rates specified in the rules of the plan. The expense has been included within the staff pension costs under staff costs.

**(t) Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation of the Financial Statements as required by International Public Sector Accounting Standards and any amendment whenever necessary in the current year

**(u) Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

**5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS**

In the process of applying the Authority's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' knowledge of current events and actions, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**(a) Critical Judgments in Applying the Authority's Accounting Policies**

In the process of applying the Authority's accounting policies, judgments have been made in determining:

- Whether the assets are impaired;

- The classification of financial assets;
- The going concern.

**(b) Critical Accounting Estimates and Assumptions**

The key areas of judgments and sources of uncertainty in estimation are as set out below:

**(i) Contingent Liabilities**

As disclosed in these financial statements, the Authority is exposed to various contingent liabilities in the normal course of business. The directors evaluate the status of these exposures on a regular basis to assess the probability of the Authority incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

**(ii) Provision for Doubtful Debts**

The Authority reviews its receivables to assess the likelihood of impairment. Provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due. Where necessary, an estimation of the amounts irrecoverable is made in that year. Provision for impairment shall be recognized upon approval by the Board of Directors.

**(iii) Other Provisions**

Other provisions are recognized when the Authority has legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**(iv) Impairment Losses**

At each reporting period end, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset. Any impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognized as income immediately.

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>6. Road Maintenance Levy</b>		
10% Constituency Links Roads	4,048,703	4,961,062
10% Special Allocation	1,747,222	6,936,004
22% Constituency Roads Fund	11,294,955	12,359,302
RMLF Operations	4,084,024	3,696,888
KRB Securitization	27,004,508	-
Total Road Maintenance Levy	<u>48,179,412</u>	<u>27,953,255</u>
Transfer of KRB Fund to Development Fund	(27,004,508)	-
Total Road Maintenance Levy-Revenue	<u>21,174,904</u>	<u>27,953,255</u>

	2024-2025 Shs'000	2023-2024 Shs'000
<b>7. Other Government Grants</b>		
Development Projects	24,443,937	21,840,910
Spot Improvement Projects(Public Participation)/PBRM	13,388,750	6,197,600
Total Government Grants	<u>37,832,687</u>	<u>28,038,510</u>
Transfer to Development Fund	(24,443,937)	(21,840,910)
	<u>13,388,750</u>	<u>6,197,600</u>
<b>8. Development Partners Grants</b>		
European Union	-	317,832
L'Agence Française de Développement(AFD)	-	-
German Development Bank(KFW)	-	35,005
AFD ASAL	491,575	274,744
Interest -Development Partner	2,478	3,227
BADEA	31,591	33,413
Total Development Partners'Grants	<u>525,644</u>	<u>664,221</u>
<b>9. Finance Income</b>		
Interest from fixed deposits & Current accounts	2,735,278	2,108,165
<b>10. Other Income</b>		
Receipts from sale of tenders	-	12
Disposal of Assets	-	5,765
Recall of Performance Guarantees	101,521	-
Other Levies	4,918	620
Total other income	<u>106,439</u>	<u>6,397</u>
<b>11. Rental Revenue</b>		
Receipts from rental	1,262	840
Total Rental revenue	<u>1,262</u>	<u>840</u>
Rental income is rent income received from various Regional Office camps. The properties were inherited from our Parent Ministry.		
<b>12. Road Works Expenditure</b>		
RMLF 10%-Critical Link Roads	4,595,166	6,091,207
RMLF 22%-Constituency Roads Fund	8,730,786	13,460,912
RMLF 10%-Special Allocation	4,399,917	5,039,875
Donor Funded Projects	974,997	773,545
GoK Spot Improvement Funds	13,906,978	14,479,441
Equilisation Fund	302,915	410,222
<b>Total Road Works Expenses</b>	<u>32,910,758</u>	<u>40,255,202</u>

	2024-2025 Shs'000	2023-2024 Shs'000
<b>13. Directors' Costs</b>		
<b>a.Executive Directors</b>		
Emoluments	12,117	11,821
	<u>12,117</u>	<u>11,821</u>
<b>b.Non Executive Directors</b>		
Emoluments	5,940	9,048
Training and field activities	13,006	9,165
	<u>18,946</u>	<u>18,213</u>
<b>Total Directors Costs</b>	<u>31,062</u>	<u>30,034</u>
<b>14. Employment Costs</b>		
Salaries and Wages	2,120,414	2,117,149
Pension and Gratuity costs	264,135	243,999
Medical and Insurance	199,161	203,160
Training and Development	115,305	163,677
Travelling and accomodation	112,318	343,617
Other Staff welfare costs	24,913	24,347
<b>Total employment Costs</b>	<u>2,836,247</u>	<u>3,095,950</u>
<b>15. Repairs and maintenance</b>		
Office building	12,962	12,647
Furniture and equipment	59,330	69,203
Motor vehicles	22,413	40,682
<b>Total Repairs and Maintenance</b>	<u>94,706</u>	<u>122,531</u>

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>16. Other Operating Expenses</b>		
Public relations and Corporate affairs	15,018	14,823
Audit Fees	2,000	2,000
Advertisement and publicity	4,098	11,268
Service Charges_Rent_Rates & Property Managements costs	38,777	9,226
Electricity and Water	10,171	15,297
Cleaning and sanitation	10,485	9,438
Fuel and other vehicle running expenses	51,626	104,874
Security	61,797	29,841
Consultancies	19,399	62,316
Legal Fees	26,519	9,428
Printing and Stationery	33,844	35,232
CRC and tender evaluation Expenses	55,111	224,839
Telephone, Internet and Postage	54,010	76,385
Bank Charges	15,191	15,483
Office expenses	13,014	17,155
Performance Contracting	88,554	88,133
<b>Total Other Operating expenses</b>	<u>499,614</u>	<u>725,740</u>
Taxes-The authority paid Corporation Tax on prior year Interest income .		
<b>17. Depreciation and Amortization</b>		
Property Plant and equipment	82,120	61,933
<b>Total Depreciation Expense</b>	<u>82,120</u>	<u>61,933</u>
<b>18. Cash and cash equivalents</b>		
Cash in hand and Bank	43,477,744	28,310,811
Staff mortgage Fund	1,053	1,104
Fixed term deposits	8,833,000	9,061,000
<b>Total Cash and Cash equivalents</b>	<u>52,311,796</u>	<u>37,372,914</u>

The cash and bank balances as the funds are held with sound financial institutions approved by Central Bank of Kenya as follows:

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
KCB Bank Kenya limited	51,723,747	37,011,400
Equity Bank Kenya Limited	292,896	163,976
Cooperative Bank Kenya Limited	177,679	62,354
NCBA Bank Kenya Limited	117,475	135,184
Total cash in hand and bank	<u>52,311,796</u>	<u>37,372,914</u>

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months

**19. Taxation**

Tax Charge on Interest Income	806,104	634,788
	<u>806,104</u>	<u>634,788</u>

**20. (a) Receivables from Exchange**

**i) Receivables from Exchange transactions (Current)**

Contractors advances	19,785,678	19,736,923
<b>Total Receivables from Exchange transactions</b>	<u>19,785,678</u>	<u>19,736,923</u>

**ii) Total Non Current Receivables**

<b>Total Receivables from Exchange transactions</b>	<u>-</u>	<u>-</u>
	<u>19,785,678</u>	<u>19,736,923</u>

**20(b) Receivables from Non Exchange transactions**

Advances to Staff	13,606	13,218
Deposits and Prepayments	101,248	88,634
Other Receivables (Accrued Income )	1,217,247	6,142,138
<b>Total Receivables from Non Exchange transactions</b>	<u>1,332,102</u>	<u>6,243,989</u>
<b>Total receivables</b>	<u>21,117,779</u>	<u>25,980,913</u>

**(c) Ageing Analysis for Receivables from Exchange Transactions**

**Contractors advances**

Less Than 1 Year	247,215	1.3%	(436,902)	-2%
Between 1-2 Years	(352,337)	-1.8%	178,577	1%
Between 2-3 Years	286,058	1.5%	4,760,016	24%
Over 3 years	19,604,744	99.1%	15,235,232	77%
<b>Total</b>	<u>19,785,678</u>	<u>100%</u>	<u>19,736,923</u>	<u>100%</u>

**iv) Reconciliation for Impairment Allowance on Receivable from Exchange Transactions**

	2024-2025	2023-2024
	Jun-25	Jun-24
<b>Impairment Allowance / Provision</b>		
At The Beginning of the Year	-	-
Additional Provisions during the year	-	-
Recovered During the year	-	-
Written off during the Year	-	-
At the end of the Year	-	-

**Ageing Analysis Receivables from Non-Exchange transactions**

	2024-2025		2023-2024	
	Jun-25		Jun-24	
Less Than 1 Year	1,346,575	100.0%	6,243,989	100.0%
Between 1-2 Years	-	0.0%	-	0.0%
Between 2-3 Years	-	0.0%	-	0.0%
Over 3 years	-	0.0%	-	0.0%
<b>Total</b>	<b>1,346,575</b>	<b>100%</b>	<b>854,244</b>	<b>100.0%</b>

**Reconciliation for Impairment Allowance on Receivable from Non-Exchange Transactions**

	2023-2024	2023-2024
	Jun-25	Jun-24
<b>Impairment Allowance / Provision</b>		
At The Beginning of the Year	-	-
Additional Provisions during the year	-	-
Recovered During the year	-	-
Written off during the Year	-	-
At the end of the Year	-	-

Receivables constitute short term liquid assets which are recoverable within one year. Grants receivable represent development grants due from the National Government. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any collateral as security. The aged analysis of receivables is as follows:

**21. Inventories**

Consumable stores	3,028	3,114
<b>Total Inventories</b>	<b>3,028</b>	<b>3,114</b>

**22. Property Plant and equipment**

<b>Period ended 30th June 2025</b>	<b>Building</b>	<b>Furniture and Fittings</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Computers and Software</b>	<b>Plant and Machinery</b>	<b>Total</b>
	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>
<b>Cost</b>							
At 1st July 2024	120,773	208,077	645,203	70,059	361,358	56,503	1,461,973
Additions	-	4,542	113,098	13,815	10,240	23,987	165,682
Disposal	-	-	-	-	-	-	-
At 30th June 2025	<u>120,773</u>	<u>212,618</u>	<u>758,301</u>	<u>83,874</u>	<u>371,598</u>	<u>80,490</u>	<u>1,627,655</u>
<b>Depreciation</b>							
At 1st July 2024	34,019	169,220	631,894	49,364	338,495	54,605	1,277,604
Charge for the year	4,056	11,305	40,709	6,728	13,518	5,803	82,120
Disposal	-	-	-	-	-	-	-
At 30th June 2025	<u>38,075</u>	<u>180,526</u>	<u>672,603</u>	<u>56,092</u>	<u>352,014</u>	<u>60,409</u>	<u>1,359,724</u>
<b>Net Book Value</b>							
	<u>82,698</u>	<u>32,093</u>	<u>85,698</u>	<u>27,782</u>	<u>19,585</u>	<u>20,082</u>	<u>267,931</u>

Period ended 30th June 2024	Building	Furniture and Fittings	Motor Vehicles	Office Equipment	Computers and Software	Plant and Machinery	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
<b>Cost</b>							
At 1st July 2023	120,773	199,839	674,322	63,596	354,824	56,503	1,469,857
Additions	-	8,237	-	6,463	6,534	-	21,235
Disposal	-	-	(29,119)	-	-	-	(29,119)
At 30th June 2024	<u>120,773</u>	<u>208,077</u>	<u>645,203</u>	<u>70,059</u>	<u>361,358</u>	<u>56,503</u>	<u>1,461,973</u>
<b>Depreciation</b>							
At 1st July 2023	29,978	159,684	637,703	43,892	319,379	54,149	1,244,784
Charge for the year	4,041	9,537	23,310	5,472	19,117	456	61,933
Disposal	-	-	(29,119)	-	-	-	(29,119)
At 30th June 2024	<u>34,019</u>	<u>169,220</u>	<u>631,894</u>	<u>49,364</u>	<u>338,495</u>	<u>54,605</u>	<u>1,277,598</u>
<b>Net Book Value</b>							
At 30th June 2024	<u>86,754</u>	<u>38,856</u>	<u>13,309</u>	<u>20,695</u>	<u>22,863</u>	<u>1,898</u>	<u>184,375</u>

The gross carrying amount of fully depreciated property, plant and equipment amounted to Kshs 811,827,817

	2024-2025	2023-2024
	Shs'000	Shs'000
<b>23. Road Infrastructure Assets</b>		
At 1st July	184,589,706	139,961,577
Transfer from work in progress	23,280,436	44,628,129
Infrastructure Assets Cost	<u>207,870,142</u>	<u>184,589,706</u>
Depreciation	<u>(98,233,091)</u>	<u>(60,799,002)</u>
Net Infrastructure Assets	<u>109,637,051</u>	<u>123,790,704</u>
<b>24. Capital Work In Progress</b>		
At 1st July	187,513,487	197,694,836
Additions	24,967,906	34,446,779
Transfer to Road Infrastructure Asset	<u>(23,280,436)</u>	<u>(44,628,129)</u>
	<u>189,200,957</u>	<u>187,513,487</u>
<b>25. Payables</b>		
<b>(a) Exchange Transactions</b>		
<b>Current:</b>		
Due to Contractors	52,139,134	68,974,601
Other Trade payables(General Suppliers)	65,077	268,832
Staff Creditors	1,675	2,546
Other Payables(Accruals & provisions)	342,139	376,972
<b>Total current</b>	<u>52,548,025</u>	<u>69,622,951</u>
<b>(b)Non Current:</b>		
Contract Retention	<u>7,858,869</u>	<u>7,711,615</u>
<b>Total Non Current</b>	<u>7,858,869</u>	<u>7,711,615</u>
<b>Total Payables</b>	<u>60,406,894</u>	<u>77,447,664</u>

Current trade and other payables are expected to be settled in Authority's normal operating cycle and within twelve months after the reporting period and are not attached to an unconditional right to defer payment of the liability.

**26. Employee Benefit obligations**

	Gratuity Ksh'000	Pension Costs Ksh'000	Total Ksh'000
As at 1st July 2024	176,151	69,090	245,241
Additional Provisions	(71,003)	-	(71,003)
Provision utilised	-	-	-
<b>As at 30th June 2025</b>	<u>105,149</u>	<u>69,090</u>	<u>174,238</u>

## **27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Authority has an integrated risk management framework/ strategy. The Authority's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

The Authority recognizes the critical role the risk management will continue to play in its endeavor to carry out its business in a dynamic environment. The Board is committed to ensure that corporate governance and risk management are deeply entrenched in the Authority's strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

The Authority core business involves major engagements with financial transactions and processes which pose certain risks. Three types of risks are reported as part of the risk profile namely operational, strategic and business continuity risks.

**(i) Operational risks** are events, hazards, variances or opportunities which could influence the achievement of the Board's compliance and operational objectives.

**(ii) Strategic risk** is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.

**(iii) Business continuity risks** are those events, hazards, variances and opportunities which could influence the continuity of the entity.

The Members of the Board have the overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority has delegated its risk management to the Audit and Risk Committee. One of the responsibilities of this committee is to review risk management strategies to ensure that an effective efficient and transparent system of risk management is maintained for sustainable management of the Authority.

The Authority's exposure to risks, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated. The Authority aims therefore to achieve an appropriate balance between the risk and return and minimize potential adverse effects on its financial performance.

The financial management objectives and policies are as outlined below:

### **a) Liquidity Risk**

Liquidity risk is the risk that the Authority will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have

been discontinued, etc. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The Authority's has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The Authority's liquidity and funding management process includes:

- Projecting cash flows and considering the cash required and optimizing the short-term requirements as well as the long-term funding, maintaining balance sheet liquidity ratios,
- Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,

The Authority has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities.

The primary sources of revenue for the Authority are receipts from the Kenya Roads Board, mainly receipts from Road Maintenance Levy Fund, and Grants from the central Government and Development Partners.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities

**Period Ended 30th June 2025**

	<b>Less Than 1Month</b>	<b>Between 1-3 Months</b>	<b>Between 3-12 Months</b>	<b>Over One Year</b>
Due to contractors	-	-	13,169,075	38,970,059
Other Trade Payables	-	65,077	-	-
Staff Creditors	-	1,675	-	-
Contract Retention	-	-	-	7,858,869
Deferred Income	-	-	-	-
Other Payables	-	342,139	-	-
	-	<b>408,890.96</b>	<b>13,169,075</b>	<b>46,828,928</b>

**Year Ended 30th June 2024**

	<b>Less Than 1Month</b>	<b>Between 1-3 Months</b>	<b>Between 3-12 Months</b>	<b>Over One Year</b>
Due to contractors	-	-	-	68,974,601
Other Trade Payables	-	268,832	-	-
Staff Creditors	-	2,546	-	-
Contract Retention	-	-	-	7,711,615
Deferred Income	-	-	-	-
Other Payables	-	376,972	-	-
	-	<b>648,349.81</b>	-	<b>76,686,216.11</b>

**b) Market Risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The Authority is exposed to the following market risks:

**(i) Currency Risk**

The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.

**(ii) Price Risk**

Kenya Roads Board collects Kshs. 18 per litre of diesel and petrol imported into the country, 32% of which is disbursed to the Authority. The Authority is exposed to the extent that the levy on diesel and petrol is reduced or eliminated due to changes in the international fuel prices, inflation or other macro indicators.

The Road Maintenance Levy Fund is backed up by an Act of Parliament and changes thereof require approval by Parliament.

**(iii) Interest Rate Risk**

The Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Authority does not have any borrowings.

**c) Credit Risk**

The maximum exposure of the Authority to credit risk as at the balance sheet date is as follows:

**Period Ended 30th June 2025**

	<b>Fully Performing</b>	<b>Past Due Date but not Impaired</b>	<b>Past Due Date and impaired</b>	<b>Total</b>
Advances to Staff	13,606	-	-	13,606
Contractors advances	19,785,678	-	-	19,785,678
Deposits and Prepayments	101,248	-	-	101,248
Other Receivables	1,217,247	-	-	1,217,247
Cash at Bank	52,311,796	-	-	52,311,796
	<b>73,429,576</b>	<b>-</b>	<b>-</b>	<b>73,429,576</b>

**Period Ended 30th June 2024**

	<b>Fully Performing</b>	<b>Past Due Date but not Impaired</b>	<b>Past Due Date and impaired</b>	<b>Total</b>
Advances to Staff	13,218	-	-	13,218
Contractors advances	19,736,923	-	-	19,736,923
Deposits and Prepayments	88,634	-	-	88,634
Other Receivables	6,142,138	-	-	6,142,138
Cash at Bank	37,372,914	-	-	37,372,914
	<b>63,353,827</b>	<b>-</b>	<b>-</b>	<b>63,353,827</b>

**d) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

The Authority seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- (i) Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- (ii) Requirements for the reconciliation and monitoring of financial transactions;

- (iii) Compliance with regulatory and legal requirements;
- (iv) Documentation of controls and procedures;
- (v) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- (vi) Requirement for the reporting of operational losses and proposed remedial action;
- (vii) Training and professional development;
- (viii) Ethical and business standards; and
- (ix) Risk mitigation, including insurance where it is effective.

Operational risks are managed by the Internal Audit function established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing and mitigating risks in all facets of the business.

**e) Compliance and Regulatory Risk**

Compliance and regulatory risk include the risk of non-compliance with regulatory requirements. The Authority has complied with all externally imposed requirements throughout the year.

**f) Legal Risk**

Legal risks is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the authority, failure to protect the title to and inability to control the rights to assets of the Authority (including intellectual property right), changes in law, or jurisdictional risk.

The Authority manages legal risk through the legal function, legal risk policies and procedures and the effective use of internal controls and external lawyers.

**28. Related Parties Balances and Transactions**

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

**(a) Related party transactions**

- (b) The following transactions were carried out with related parties during the year.

	2024-2025 Shs'000	2023-2024 Shs'000
<b>(i) Receipt and Transfers</b>		
The Government of Kenya	37,832,687	28,038,510
Kenya Roads Board	48,179,412	27,953,255
	<u>86,012,099</u>	<u>55,991,765</u>
<b>(ii) Directors Emoluments</b>		
Emoluments - Executive directors	12,117	11,821
Emoluments - Non Executive directors	5,940	9,048
Training and field activities	13,006	9,165
	<u>31,062</u>	<u>30,034</u>

**(c) Outstanding balances arising from non-exchange transactions**

The following were outstanding balances with related parties as at 30<sup>th</sup> June 2025

Receivable from related parties	<u>-</u>	<u>-</u>
Payable to related parties	<u>69,090</u>	<u>69,090</u>

Receivables from related parties can be analysed as follows:

The Government of Kenya	-	-
Kenya Roads Board	-	-
Key management personnel	-	-
	<u>-</u>	<u>-</u>

Payables to related parties can be analysed as follows:

Key management personnel	<u>69,090</u>	<u>69,090</u>
--------------------------	---------------	---------------

**29. Contingent Assets and liabilities**

**i) Contingent Liabilities**

Due to the uncertainty of the outcome of our Legal cases, it is not practically possible to estimate the resulting liabilities and the effect they are likely to have on the results of the Authority's operations, financial position or liquidity. Therefore, no provision has been made in the financial statements.

	2024-2025	2023-2024
	Shs'000	Shs'000
<b>ii) Contingent assets</b>		
Advance Guarantees	23,234,332	22,159,632
Performance Guarantee	27,300,312	27,599,105
	<u>50,534,644</u>	<u>49,758,738</u>

### 30. Capital Commitments

Authorised and contracted for

-	-
---	---

Non-cancellable operating lease rentals are payable as follows:

<b>Operating lease rentals</b>	2024-2025	2023-2024
	Jun-25	Jun-24
	Shs'000	Shs'000
Non-cancellable operating lease rentals are payable as follows		
Within one year	-	-
Later than one year but within five years	-	-
	<u>-</u>	<u>-</u>

The Authority has leased office premises under an operating lease. The lease typically runs for 5 years with an option for renewal. Lease payments are increased accordingly to reflect market rentals. The Authority does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognized in the Statement of Financial Performance.

### 31. Reconciliation of surplus as per Budget statement and statement of financial performance

	2024-2025
	Jun-25
	Shs'000
Surplus as per statement of Budget and Actual amounts	1,477,770
Less: Taxation	(806,104)
Add: Transfer of Roadwork Costs to Infrastructure assets	-
Less: Transfer to Development Fund	-
Add: Transfer from Deferred Income	-
	<u>671,666</u>

**Surplus (Deficit) as per Statement of financial performance**

### 32. Fair value

The directors consider that there is no material difference between the fair value and carrying value of the Authority's financial assets and liabilities, where fair value details have not been presented.

### 33. Events after the reporting period

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

**34. Ultimate and holding entity**

The Authority is a State Corporation under the Ministry of Roads and Transport State Department of Roads. Its ultimate parent is the Government of Kenya.

**35. Currency**

The financial statements are presented in Kenya Shillings (Kshs.'000).

## APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS

The following is the summary of issues that resulted in a qualified opinion of the external auditor on the financial statements for the year 2023/2024, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
1.	<p><b>Inaccuracy in Property, Plant and Equipment</b> The statement of financial position and as disclosed in Note 22 to the financial Statements reflect property, plant and equipment balance of Ksh 184,374,00. Review of the fixed assets register provided revealed that some fixed assets in the asset register with a total value of Ksh 1,090,571,418 were fully depreciated but were still in use. Further, the assets had not been revalued and included in the asset value during the year under review In addition, the fixed assets register did not disclose the registered number plates of fully depreciated motor vehicles at Ksh 592,093,936. In the circumstances, the accuracy and completeness of property, plant and equipment balance could not be confirmed.</p> <p><b>Long outstanding payables from Exchange transactions</b> The statement of financial position and as disclosed in Note 25 to the financial statements reflects payables from exchange transactions balance of Ksh 77,334,566,000 which comprised of current and non -current payables amounts of Ksh 69,622,951,000 and Ksh 7,711,615,00. respectively. Further the payables balance increased from Ksh 62,806,803 in the previous year (2022-2023) to Ksh 77,334,566,000 representing an increase of Ksh 14,527,763,000 of 23%. the opening balance of Ksh 62,806,803,000 has been outstanding for more than one year. Failure to settle pending bills when due may attract avoidable expenditure in form of interest and penalties.</p>	<p><i>The Authority undertakes to revalue its fully depreciated assets in the subsequent financial year. A budget provision has been made for the exercise and is currently ongoing. Disposal of these asset, where feasible, shall be undertaken. Evidence of Valuation reports from our various regional offices have been attached for your review</i></p> <p><i>The authority has projects which remain incomplete mostly due to delay in payments. The Authority continues to experience challenges funding development projects due to inadequate budgetary allocation and delayed exchequer releases. This has impacted on the progress of these projects.</i></p>	<p>Director General</p> <p>Director General</p>	<p>Not Resolved</p> <p>Not Resolved</p>	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
	<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCE</b>				
1	<p><b>Under -Utilization of ERP System in Operation</b></p> <p>Review of records revealed that the Authority procured an ERP system in the financial year 2020 at a cost of Ksh 49,381,200. The purpose of this system was to provide an enhanced E-platform environment that enables all players involved in road asset management to interact seamlessly throughout the project cycle. However, it was noted the procurement processes and procedures such as bidding, evaluation of tenders and awarding of tenders remained manual four (4) years later. No explanation was given for not maximizing the already available supply chain modules. Further, the Authority is at risk of loss through manipulation of procurement data</p> <p>In the circumstances, the value for money incurred on the ERP system could not confirmed.</p>	<p><i>During the year under review The Authority continued with the implementation of its ERP system and Improvements in the controls on staff advances and imprest surrender as evidenced by a reduction from Ksh 43,271,000 in FY 2021/22 to Ksh 24,995,318 in the current FY 2022/2023. This compares favorably with the activity levels of the Authority. Recoveries measures have also been instituted against the affected staff for imprest beyond the stipulated periods.</i></p>	Director General	Resolved	
2	<p><b>Delayed Road Works</b></p> <p>Review of the low Volume Seal roads records and information provide revealed that the Authority awarded thirteen (13) new contracts for roads at a contract sum of Ksh 37,076,658,586 and with contract start dates between November 2020 and November 2021. Review of the progress report as at June 2024, revealed that certified works of Ksh 1,018.438,264 out of which Ksh 746,213,929 had been paid leaving unpaid balance of Ksh 282,076,092. Further, review of the thirteen (13) projects revealed that seven (7) contracts had not started works indicating zero percentage work performance. Management has not provided any explanation for this unsatisfactory performance.</p> <p>Further eight (8) road contracts which were classified as terminated projects and retendered as at June 2024. The works certified as at June 2024 totaled Ksh 8.287,218,866 out of which Ksh 6,752,630 had been paid leaving a pending amount of Ksh 1,534,588,652. Management has not provided explanation for the delayed payments.</p>	<p><i>The authority has projects which remain incomplete mostly due to delay in payments. The Authority continues to experience challenges funding development projects due to inadequate budgetary allocation and delayed exchequer releases. This has impacted on the progress these projects.</i></p>	Director General	Not Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
	<p>In addition, the authority entered into nineteen (19) contracts at a total sum of Ksh 42,485,282,040 with commencement dates between April 2020 and October 2022. During the year the value of certified works amounted to Ksh 7,524,269,464 out of which an amount of Ksh 3,888,257,702 was paid, leaving an amount of Ksh 3,636,011,763 unpaid. However, seventy (70) contracts underperformance based routine maintenance period were at 100% completion. These total contract sums were Ksh 137,987,624,203 and an amount of Ksh 123,357,596,316 had been certified out of which an amount of Ksh 96,843,759,069 had been paid leaving an outstanding amount of Ksh 26,513,738,247. Management did not provide any explanation for the delayed payment of completed works</p> <p>In the circumstances, the value for money incurred on delayed projects could not be confirmed.</p>				
3	<p><b>Non-Compliance with Third Basic Salary Rule</b> The statement of financial performance reflects employees balance of Ksh 3,095,950,000. Review of Authority's payrolls provided for audit revealed that twenty-three (23) staff members earned basic salaries below a third of their basic salary.</p> <p>In the circumstances, the effectiveness of internal controls on payroll management could not be confirmed.</p>	<p><i>Human Resource department has communicated to the affected staff and requested them to restructure their pay slip to comply with a third rule. The Number of non-compliant staff has been on the decline and all staff are expected to be compliant in the current Financial period.</i></p>	Director General	Not Resolved	
2.					

**APPENDIX II: DEVELOPMENT PARTNERS PROJECTS IMPLEMENTED BY THE AUTHORITY**

Project No.	Project Title	Development Partner	Development Partners Commitment	Separate Donor reporting Required	Consolidated in the financial statements
EUROPEAID/134053/IH/WKS/KE	Contracts for The Rural Roads Project in Eastern Region of Kenya	EU	Euros 14,850,000	Yes	Yes
CREDIT NO. BMZ: 200765123	Improvement of Rural Roads and Market Infrastructure in Western Kenya	KFW	Euros 9,000,000	Yes	Yes
CREDIT NO. CKE 101201B AND 1046 01J	Central Kenya Rural Roads Improvement and Maintenance Project	AFD	Euros 74,000,000	Yes	Yes
	Upgrading of “Gilgil Machinery” Road Project.	BADEA	USD 11,000,000	Yes	Yes
CKE 117 01 H & CKE 1117 02 J	AFD ASAL Rural Roads Project	AFD	Euros 90,000,000	Yes	Yes

Kenya Rural Roads Authority  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2025

**APPENDIX III: INTER ENTITY TRANSFER**

Particulars	Date Received as per Bank Statement	Balance for Prior Year(2023/2024)	Current Year 2024-2025	Date Disburse	Total received during the year 2024/2025	FY to which the amount relates
<b>A. 22% ROAD MAINTENANCE LEVY FUND</b>						
KRB/DG/FIN/3/A/VOL VI (551)	26/Sep/24		2,030,000,000.00		2,030,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (566)	5/Dec/24	702,098,700			702,098,700.00	2023/2024
KRB/DG/DF/3/A//VOL V11 (690)	29/Nov/24		1,740,000,000.00		1,740,000,000.00	2024/2025
KRB/DG/DF/3/A//VOL V11 (638)	14/Feb/25		1,305,000,000.00		1,305,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (643)	5/Jun/25		1,835,082,010.00		1,835,082,010.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (766)	20/Jun/25		3,682,774,150.00		3,682,774,150.00	2024/2025
<b>Total 22% RMLF</b>		<b>702,098,700.00</b>	<b>10,592,856,160.00</b>		<b>11,294,954,860.00</b>	
<b>B. 10% RMLF CRITICAL LINKS</b>						
KRB/DG/FIN/3/A/VOL VI (551)	26/Sep/24		870,000,000.00		870,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (566)	5/Dec/24	907,756,550.00			907,756,550.00	2023/2024
KRB/DG/DF/3/A//VOL V11 (690)	29/Nov/24		870,000,000.00		870,000,000.00	2024/2025
KRB/DG/DF/3/A//VOL V11 (638)	14/Feb/25		870,000,000.00		870,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (643)	5/Jun/25		530,946,210.00		530,946,210.00	2024/2025
<b>Total RMLF-10% - Critical Links</b>		<b>907,756,550.00</b>	<b>3,140,946,210.00</b>		<b>4,048,702,760.00</b>	
<b>C. RMLF CS AND OTHER ALLOCATION</b>						
KRB/DG/DF/3/A//VOL V11 (94)	25/Sep/24		497,598,500.00		497,598,500.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (551)	26/Sep/24		150,000,000.00		150,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (551)	26/Sep/24		943,632,653.00		943,632,653.00	2024/2025
KRB/DG/37/00/A/VOL VI (317)	10/Nov/24		85,500,000.00		85,500,000.00	2024/2025
KRB/DG/DF/3/A/VOL VII (90)	10/Nov/24		640,313,036.00		640,313,036.00	2024/2025
KRB/DG/DF/3/A/VOL VII (169)	20/Nov/24		300,000,000.00		300,000,000.00	2024/2025
KRB/DG/DF/3/A//VOL V11 (690)	29/Nov/24		150,000,000.00		150,000,000.00	2024/2025
KRB/DG/DF/3/A//VOL V11 (690)	29/Nov/24		314,024,855.00		314,024,855.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (552)	3/Dec/24		30,000,000.00		30,000,000.00	2024/2025
KRB/DG/DF/3/A//VOL V11 (638)	14/Feb/25		1,358,828,754.00		1,358,828,754.00	2024/2025
KRB/DG/DF/3/A//VOL V11 (696)	14/Feb/25		193,809,972.00		193,809,972.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (643)	5/Jun/25		1,167,537,951.00		1,167,537,951.00	2024/2025
<b>Total RMLF-10% - Cabinet Secretary Allocation</b>			<b>5,831,245,721.00</b>		<b>5,831,245,721.00</b>	
<b>D.RMLF GOK Projects</b>						
KeRRA /08/Vol8/(1015)			15,000,000,000.00		15,000,000,000.00	2024/2025
MOTIHUD & PW/A/14.21/C/VOL.11/(7)			12,004,508,416.00		12,004,508,416.00	2024/2025
MOTIHUD & PW/A/14.21/C/VOL.13/(47)						
<b>Total Overheads Funds</b>			<b>27,004,508,416.00</b>		<b>27,004,508,416.00</b>	
<b>TOTAL RMLF FUNDS</b>	<b>Cash Request</b>		<b>1,609,855,250.00</b>	<b>46,569,556,507.00</b>		<b>48,179,411,757.00</b>
<b>E. GOK EXCHEQUER FUNDS</b>						
	1	28-Aug-24		1,048,311,813	1,048,311,813.00	2024/2025
	2	29-Aug-24		1,000,000,000	1,000,000,000.00	2024/2025
	3	4-Sep-24		1,212,668,652	1,212,668,652.00	2024/2025
	4	7-Sep-24		1,476,763,954	1,476,763,954.00	2024/2025
	5	30-Sep-24		2,259,280,244	2,259,280,244.00	2024/2025
	6	30-Sep-24		2,740,719,751	2,740,719,751.00	2024/2025
	20	20-Dec-24		6,771,403,013	6,771,403,013.00	2024/2025
	23	9-May-25		4,341,713,484	4,341,713,484.00	2024/2025
	24	5-May-25		2,666,600,000	2,666,600,000.00	2024/2025
	39	27-May-25		1,569,000,000	1,569,000,000.00	2024/2025
	40	27-May-25		1,885,000,000	1,885,000,000.00	2024/2025
	41	27-May-25		1,554,500,000	1,554,500,000.00	2024/2025
	42	27-May-25		1,689,650,000	1,689,650,000.00	2024/2025
	43	27-May-25		1,670,000,000	1,670,000,000.00	2024/2025
	44	27-May-25		1,237,000,000	1,237,000,000.00	2024/2025
	48	30-Jun-25		267,000,000	267,000,000.00	2024/2025
	50	8-Jul-25		500,000,000.00	500,000,000.00	2024/2025
	52	8-Jul-25		317,500,000.00	317,500,000.00	2024/2025
	51	8-Jul-25		100,000,000.00	100,000,000.00	2024/2025
	53	8-Jul-25		122,256,410.00	122,256,410.00	2024/2025
	54	8-Jul-25		191,000,000.00	191,000,000.00	2024/2025
				(100,000,000)	(100,000,000.00)	2024/2025
				(50,000,000)	(50,000,000.00)	2024/2025
<b>LVS And Conventional Annuity Funds</b>			<b>34,470,367,319.50</b>		<b>33,889,610,909.50</b>	
Contract No. RWC/LOT/LOT33/78-Intex Raf 1	Invoice No 25	19-Aug-24	815,828,751.56		815,828,751.56	2024/2025
Consultancy-LEA Associates	Invoice No 20	29-Aug-24	8,710,034.00		8,710,034.00	2024/2025
Consultancy-LEA Associates	Invoice No 21	30-Sep-24	9,108,448.00		9,108,448.00	2024/2025
Contract No. RWC/LOT/LOT33/78-Intex Raf 1	Invoice No 26	11-Nov-24	817,708,152.00		817,708,152.00	2024/2025
Consultancy-LEA Associates	Invoice No 22	14-Nov-24	7,967,738.00		7,967,738.00	2024/2025
Consultancy-LEA Associates	Invoice No 23	14-Jan-25	8,517,868.00		8,517,868.00	2024/2025
Consultancy-LEA Associates	Invoice No 24	14-Jan-25	8,389,456.00		8,389,456.00	2024/2025
Contract No. RWC/LOT/LOT33/78-Intex Raf 1	Invoice No 27	23-Jan-25	831,961,000.85		831,961,000.85	2024/2025
Consultancy-LEA Associates	Invoice No 25	23-Jan-25	8,582,086.00		8,582,086.00	2024/2025
Consultancy-LEA Associates	Invoice No 26	23-Jan-25	8,675,443.00		8,675,443.00	2024/2025
Consultancy-LEA Associates	Invoice No 27	22-Apr-25	8,259,502.00		8,259,502.00	2024/2025
Consultancy-LEA Associates	Invoice No 28	22-Apr-25	8,382,144.00		8,382,144.00	2024/2025
Contract No. RWC/LOT/LOT33/78-Intex Raf 1	Invoice No 28	28-Apr-25	803,661,427.30		803,661,427.30	2024/2025
Consultancy-LEA Associates	Invoice No 29	28-Apr-25	8,248,748.00		8,248,748.00	2024/2025
Consultancy-LEA Associates	Invoice No 30	6-May-25	8,319,369.00		8,319,369.00	2024/2025
<b>Total Annuity Funds</b>			<b>3,362,320,167.71</b>		<b>3,362,320,168</b>	
<b>Total GOK Exchequer Funds</b>			<b>37,832,687,487</b>		<b>37,251,931,077</b>	
<b>F. DEVELOPMENT PARTNERS</b>						
Asal Rural Road Projects	22-Apr-25		290,257,367.15		290,257,367.15	
Asal Rural Road Projects	18-Mar-25		98,800,096.50		98,800,096.50	
<b>Total Development Partners</b>			<b>389,057,464</b>		<b>389,057,463.65</b>	
<b>TOTAL FUNDS RECEIVED</b>			<b>1,609,855,250</b>	<b>84,791,301,458</b>		<b>85,820,400,298</b>

**APPENDIX IV: RECORD OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

*[Faint, illegible text and table structure visible in the upper left quadrant of the page, likely representing the start of the record of transfers.]*