

REPUBLIC OF KENYA



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Deputy Majority Whip
A. Shibusko

OF

THE AUDITOR-GENERAL

ON


**NAIROBI INTELLIGENT TRANSPORTATION
SYSTEM ESTABLISHMENT AND JUNCTIONS
IMPROVEMENT PROJECT PHASE I
(EDCF LOAN AGREEMENT NO. KEN-6)**

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

KENYA URBAN ROADS AUTHORITY

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**NAIROBI INTELLIGENT TRANSPORTATION
SYSTEM (ITS) ESTABLISHMENT AND
JUNCTIONS IMPROVEMENT
PROJECT - PHASE I**

IMPLEMENTING ENTITY:

**KENYA URBAN ROADS AUTHORITY
(KURA)**

PROJECT CREDIT NUMBER: KEN-6

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the Financial year ended
June 30, 2023**

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

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***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2023***

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1. Acronyms and Glossary of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.
KURA	Kenya Urban Roads Authority
ITS	Intelligent Transportation System
KEXIM	Export Import Bank of Korea



2. Project Information and Overall Performance

2.1 Name and registered office

Name

Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I.

Objective

Harness technology and data to create a smarter, safer, and more efficient transportation system that meets the needs of travellers' while minimizing negative impacts on the environment and society.

Address

The project headquarters offices are:

Block D, Barabara Plaza

Mazao Road, Off Airport South Road

Nairobi, Kenya

Contacts: The following are the project contacts

P.O. Box: 41727 – 00100 Nairobi

Telephone: (254) 020 8013844

E-mail: dg@kura.go.ke

Website: www.kura.go.ke



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Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	17 th May 2022
Project End Date:	17 th May 2026
Project Employer:	Director General, Kenya Urban Roads Authority
Project Sponsor:	Government of Kenya

2.3 Project Overview

Line Ministry/State Department of the project	Ministry of Roads and Transport / State Department of Roads
Project number	KEN-6
Strategic goals of the project	The strategic goals of the project are as follows: (i) Improved traffic flow efficiency of up to 40% from survey analysis, (ii) Reduced waiting time to less than 30 seconds at intersections, (iii) Traffic enforcement (E-Police) system eliminates the need to have physical presence of police at intersections, (iv) Real-time traffic data collection provides accurate information for forecasting and engineering design, (v) Centralized traffic infrastructure and network management.
Summary of Project Strategies for	The project management aims to achieve the goals through the following means:



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<p>achievement of strategic goals</p>	<p>(i) Traffic Management and Control: ITS aims to optimize the flow of traffic by using real-time data, sensors, and communication technologies to monitor and manage traffic conditions. This includes adjusting traffic signal timings, managing lane usage, and rerouting traffic to alleviate congestion and improve overall traffic flow.</p> <p>(ii) Congestion Reduction: By implementing technologies such as dynamic route guidance, real-time traffic updates, and predictive modelling, ITS helps reduce congestion on roadways and minimizes delays for travellers.</p> <p>(iii) Enhanced Safety: ITS technologies contribute to safer roads by providing real-time information about accidents, hazards, and road conditions. This information can be used to alert drivers and emergency services, reducing response times and preventing potential accidents.</p> <p>(iv) Environmental Sustainability: ITS can help reduce the environmental impact of transportation by optimizing traffic flow, reducing idling times, and promoting the use of alternative transportation modes. This contributes to lower emissions and improved air quality.</p>
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***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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	<p>(v) Improved Transportation Efficiency: Through data analysis and predictive modelling, ITS enables transportation agencies to make informed decisions about infrastructure investments, maintenance schedules, and traffic management strategies, leading to more efficient use of resources.</p> <p>(vi) Traveler Information and Convenience: ITS provides travellers with real-time information about traffic conditions, alternative routes, parking availability, and public transportation schedules. This improves the travel experience and allows individuals to make more informed decisions about their routes.</p> <p>(vii) Emergency Response: ITS technologies play a crucial role in emergency situations by providing quick and accurate information to emergency services. This helps expedite response times and assists in managing traffic during emergencies.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none">(i) Limited and expensive real estate to expand road infrastructure.(ii) Traffic congestion(iii) Inadequate road safety measures



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	(iv) Air pollution because of traffic congestion (v) Inefficient traffic enforcement procedures
Project duration	Four (4) Years

2.4 Bankers

Project bank accounts is domiciled in the funding country.

2.5 Independent Auditor

Office of the Auditor General (OAG)

2.6 Roles and Responsibilities

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Eng. Merin Koitalek	Assistant Director – Design (Roads)	Civil Engineer	Project Engineer/ Team Leader
Lenah Mutheu	Engineer (Planning & Design)	Civil Engineer	Deputy Project Engineer
Mwinyi Bwika	Assistant Director (ITS)	IT Expert	Project ITS Analyst



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Jared Owuor	Assistant Director (Research & Innovation)	Economist	Project Transport Economist
Paul Odak	Assistant Director (Survey)	Surveyor	Project Surveyor
Festus Ivou	Senior Assistant Accountants Officer	Accountant & Finance Expert	Project Accountant
Evelyne Kutata	Senior Supply Chain Management Officer	Procurement Expert	Project Procurement Officer
Wilson Tikwa	Assistant Director (Road Safety)	Urban Planning & Road Safety Expert	Project Safety Officer
Lawrence Wachira	Environmentalist	Environmental Expert	Project Environmentalist
Elsie Ngendo	Senior Sociologist	Social Expert	Project Sociologist
Benson Wanjiku	Electrical Superintendent	Electrical Engineer	Project Services Relocation Officer



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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2.7 Funding Summary

The Project is for duration of four (4) years from 2022 to 2026 with an approved budget of US\$ 61,000,000.00 equivalent to **Kshs 6,718,790,100** as highlighted in the table below:



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Project Information and Overall Performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30th June, 2023)		Undrawn balance to date	
	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
Export & Import Bank of Korea	61,000,000	6,718,790,100	822,563	95,289,013	60,177,438	6,623,501,087
(ii) Counterpart funds (GoK)						
Government of Kenya	120,852	14,000,000	120,852	14,000,000	-	-
Total	61,120,852	6,732,790,100	943,415	109,289,013	60,177,438	6,623,501,087



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Project information and overall performance (continued)

B. Application of Funds

Source of funds	Amount received to date – (30 th June, 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date (30 th June 2023)	
	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs
	(B)	(B')	(A)-(B)	(A')-(B')	(A)	(A')
(i) Loan						
Export & Import Bank of Korea	822,563	95,289,013	822,563	95,289,013	-	-
(ii) Counterpart funds (GoK)						
Government of Kenya	120,852	14,000,000	120,852	14,000,000	-	-
Total	943,415	109,289,013	943,415	109,289,013	-	-



Project Information and Overall Performance (continued)

2.8 Summary of Overall Project Performance:

- i) The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I overall budget absorption was 30% with GoK Counterpart funding at 100% and the development partner component at 27%.
- ii) The project low absorption of the development partner Budget was due to works component which is expected to consume the highest amount of the loan facility not commencing in the FY 2022/2023.
- iii) Currently the project Consultant is carrying out project design review.
- iv) The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I project is expected to face the following challenges:

a) Heavy Traffic During Work

Due to its location, the project site has heavy traffic and therefore will require coordination with other relevant bodies such as the traffic police to control the traffic.

b) Relocation of Services

The project site is expected to have utilities including those underground which require timely coordination with the service providers for relocation.

2.9 Summary of Project Compliance:

The Project has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed.



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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3. Statement of Performance against Project's Predetermined Objectives

Introduction

The key development objective of the project is to Harness technology and data to create a smarter, safer, and more efficient transportation system that meets the needs of travellers' while minimizing negative impacts on the environment and society.

The project will primarily serve to enhance economic efficiency through improved mobility and accessibility to businesses thereby supporting economic development and fostering inclusive growth. To achieve the overall objective the project has two components:

- a) Project Works
- b) Consultancy Services

Progress on Attainment of Strategic Development Objectives

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



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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The statement of performance against the predetermined project objectives:

Project	Objective	Outcome	Indicator	Performance
Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I.	Harness technology and data to create a smarter, safer, and more efficient transportation system that meets the needs of travellers’ while minimizing negative impacts on the environment and society.	(i) Improved traffic flow efficiency of up to 40% from survey analysis, (ii) Reduced waiting time to less than 30 seconds at intersections, (iii) Traffic enforcement (E-Police) system eliminates the need to have physical presence of police at intersections, (iv) Real-time traffic data collection provides accurate information for forecasting and engineering design, (v) Centralized traffic infrastructure and network management.	(i) Junction Capacity (Maximum Number of vehicles a junction can accommodate) (ii) Travel Time (The time taken from origin to destination) (iii) Waiting Time (Time taken between arrival and exit at an intersection) (iv) Air Pollution levels/ air quality	Consultancy services at 30% Works Under Procurement



4. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

Kenya Urban Roads Authority aims at enhancing sustainable urban road transportation and mobility. Our Urban Roads Planning, Development and Maintenance strategy mainstreams the global 2030 Agenda for sustainable Development in our operations. The urban road network remains the key enabler for the realization of the objectives of Kenya Vision 2030 and any other agenda and guidelines established overtime. In the implementation of our Strategic Plan, we mainstream sustainability principles by complying with the local policies, legislations as well as international safeguard requirements. The Authority continues to foster Strategic partnerships with stakeholders for effective delivery of our services. To mitigate on the impact of any emerging disruption on the economy and our operations, we have been implementing a business continuity plan.

2. Environmental Performance

Our operations pose different degrees of risks to the environment. KURA has a functional Environment, Safety and Health Policy that outlines commitment to efficient use of resources, reducing and preventing pollution, and product stewardship. We conduct Environmental and Social Impact Assessment for all new projects prior to construction so as to control environmental risks and hazards. All contractors are required to adhere with the Environmental Management Plans and waste control measures, among others. Periodic Environmental Monitoring and Audit Reports are prepared to demonstrate compliance with legal requirements. The Authority takes in consideration biodiversity conservation efforts during the project lifecycle through avoidance of destructive extractive activities. Materials sites are subjected to environmental impact assessment as well as site restoration plans. Tree planting and growing is done within the road reserves



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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to provide carbon sinks as an approach for climate mitigation and adaptation. Collaborative efforts with the private sector, resident associations as well as with government agencies have enabled the planting and maintenance of tree seedlings. In order to address the social risks associated with the construction and maintenance of urban roads, the authority undertakes social impact assessment and resettlement action plans.

3. Employee Welfare

The Authority has instituted measures to provide a conducive working environment for the well-being of staff and enhanced productivity. We have a comprehensive staff medical cover for both outpatient and inpatient services. This is in addition to group life policy WIBA contributory pension scheme and staff mortgage scheme. Annual staff appraisals are promptly undertaken and forms the basis for promotions and competency development through appropriate training for career development and personal growth. During the period of the project's implementation continuous training of various professional skills and competencies is to be carried out in addition Continuous Development Programs offered by various professional bodies. During the period of implementation of the project, the Authority will ensure compliance by submitting all the returns to the relevant regulatory institutions within the prescribed timelines. The Authority has put in place measures for compliance with the provisions of the Occupational Safety and Health Act, 2007. We undertake occupational health and safety assessment and risk assessment for improvement of the work environment for employees and customers.



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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4. Market Place Practices-

a) Responsible Supply Chain and Supplier Relations-

The Authority has aligned the Supply Chain processes to the Public Procurement and Disposal Act and the Public Procurement & Disposal Regulations, 2020. We continue to build the Capacity of our Suppliers through awareness creation on best practices, Fair procurement practices and on time payment. The Authority's Service Charter Guides Service Delivery standards detailing payment requirements and set timeframes for turnaround time for supplier payments. KURA has utilized innovation and technology in handling supplier payment to ensure application of the first in first out principle this is enabled by the Enterprise Resource Management System currently in use by the Authority. Effectiveness of all these measures is also monitored from time to time through internal audits and external checks to ensure continuous improvement.

b) Responsible Ethical Practices

The Authority has established responsible ethical practises by having an anti-corruption policy in place and ensuring all Staff commit to the Authority's code of conduct and declare conflict of interest. Also the Authority ensures that staff working in the projects receive competitive wage bearing in mind the minimum allowed wage in the country, ensuring employees general well-being is well catered for, guaranteeing that all materials are sourced within the available guidelines and are sourced in competitive environment to provide equal opportunities to different suppliers and in compliance with the Laws of the Republic of Kenya and ensuring that all employees receive comprehensive benefits as well as treated with respect.



c) Regulatory Impact Assessment

The Project will ensure that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority has to be in place for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of the development partner the latter have been applied.

The Authority ensures compliance by submitting all the returns to the relevant regulatory institutions within the prescribed timelines. The Authority has put in place measures for compliance with the provisions of the Occupational Safety and Health Act, 2007. We undertake occupational health and safety assessment and risk assessment for improvement of the work environment for employees and customers.

5. Community Engagements

The Authority has established a functional Stakeholder Engagement policy that is continuously applied in engaging interested and affected persons in urban road planning and implementation. The feedback obtained from these activities is used to inform decision making for continual improvement. The urban road infrastructure is designed bearing all users in mind and ensuring that it caters for all persons including those with disability as well as non-motorized road users, through construction of ramps and walkways. The Authority also engages communities by providing job opportunities to people working around the national urban road project areas.



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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5. Statement of Project Management Responsibilities

The *Director General, Kenya Urban Roads Authority* and the *Project Coordinator* for *Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I*, are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023. This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

The *Director General, Kenya Urban Roads Authority* and the *Project Coordinator* for *Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I*, accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Director General, Kenya Urban Roads Authority* and the *Project Coordinator* for *Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I*, are of the opinion that the Project's financial



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The *Director General, Kenya Urban Roads Authority* and the *Project Coordinator for Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I*, further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Director General, Kenya Urban Roads Authority* and the *Project Coordinator for Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I*, confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the *Director General, Kenya Urban Roads Authority* and the *Project Coordinator for Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I* on **29th September 2023** and signed by:

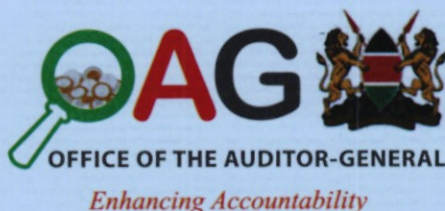
.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Merin Koitalek
Project Coordinator

.....
Festus Mwanza
Project Accountant

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NAIROBI INTELLIGENT TRANSPORTATION SYSTEM ESTABLISHMENT AND JUNCTIONS IMPROVEMENT PROJECT PHASE I (EDCF LOAN AGREEMENT NO. KEN-6) FOR THE YEAR ENDED 30 JUNE, 2023 – KENYA URBAN ROADS AUTHORITY

PREAMBLE

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

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

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

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

Report of the Auditor-General on Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I (EDCF Loan Agreement No. KEN-6) for the year ended 30 June, 2023 – Kenya Urban Roads Authority

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I (EDCF Loan Agreement No. KEN-6) set out on pages 1 to 19, which comprise of the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I (EDCF Loan Agreement No. KEN-6) as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement EDCF Loan Agreement No. KEN-6 dated 29 January, 2021 between the Republic of Kenya and the Export-Import Bank of Korea and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

1. Pending Bills

Note 13.1 and Annex 4 to financial statements reflect pending accounts payable balance of Kshs.1,246,242 which relate to consultancy services. The Project is at risk of incurring unquantified significant interest costs and penalties with the continued delay in making payments for invoiced bills. Failure to settle pending bills in the year to which they relate distorts the budget of the following year as they constitute a first charge on that budget.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.360,250,000 and Kshs.109,289,013 respectively

resulting to an under-funding of Kshs.250,960,987 or 70% of the budget. Similarly, the Project spent Kshs.109,289,013 against an approved budget of Kshs.360,250,000 resulting to an under-expenditure of Kshs.250,960,987 or 70% of the budget. The underfunding and underperformance affected the planned activities of the Project and may have impacted negatively on service delivery to the public.

My opinion is not modified on the effects of the matters.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Commencement of Works

The Project was for a duration of four (4) years from 17 May, 2022 to 17 May, 2026 with an approved budget of the loan amount of US\$ 61,000,000 equivalent to Kshs.6,718,790,100. However, as at 30 June, 2023 only an amount of Kshs.95,289,013 or 1.4% of the Development Partner's commitment of Kshs.6,718,790,100 had been received by the Project.

In addition, the statement of receipts and payments reflects an amount of Kshs.109,289,013 in respect of acquisition of non-financial assets which as disclosed in Note 3 to the financial statements relates to design, review and supervision of works. However, it was observed that there have been delays in commencement of the works for the project. The low absorption of the Development Partner's loan budget was attributed to failure to commence the works component in the financial year 2022/2023 which was expected to consume the highest amount of the loan facility.

In the circumstances, there is a risk that the Project delivery will be delayed due to the delay in commencement of works which may have an impact on service delivery to the public.

2. Irregular Clause on Financing Agreement and Non-Compliance with the Public Procurement and Asset Disposal Act, 2015

The Government entered into a contract with an international Company for consultancy services for Nairobi ITS (Intelligent Transportation System) Establishment and Junctions Improvement Project on 05 May, 2022 for a period of thirty-four and a half (34.5) months from the date of commencement.

Review of part IV and schedule 4 of the Project's Financing Agreement revealed that suppliers other than nationals of the Republic of South Korea or juridical person incorporated and registered therein were not allowed to bid for the consultancy services. This is contrary to Section 60(1) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer of a procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement proceedings.

In the circumstances, the Management of the Project and The National Treasury were in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 December, 2023



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2023**

7. Statement of Receipts and Payments for the year ended 30th June 2023.

	Note	2022/2023			2021/2022			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
		KShs	KShs		KShs	KShs	KShs	
RECEIPTS								
Transfer from Government entities	1	14,000,000	-	14,000,000	-	-	-	14,000,000
Proceeds from domestic and foreign grants		-	-	-	-	-	-	-
Loan from external development partners	2		95,289,013	95,289,013				95,289,013
TOTAL RECEIPTS		14,000,000	95,289,013	109,289,013	-	-	-	109,289,013
PAYMENTS								
Acquisition of non-financial assets	3	14,000,000	95,289,013	109,289,013	-	-	-	109,289,013
TOTAL PAYMENTS		14,000,000	95,289,013	109,289,013	-	-	-	109,289,013
SURPLUS/ (DEFICIT)		-	-	-	-	-	-	-

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

.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Merin Koitalek
Project Coordinator

.....
Festus Mwanza
Project Accountant



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2023*

8. Statement of Financial Assets as at 30th June 2023

	2022-2023 KShs	2021-2022 KShs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	-	-
TOTAL FINANCIAL ASSETS	-	-
REPRESENTED BY		
Fund balance b/fwd	-	-
Surplus/(Deficit) for the year	-	-
NET FINANCIAL POSITION	-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **29th September 2023** and signed by:

Eng. Silas M. Kinoti, MBS
Director General

Eng. Merin Koitalek
Project Coordinator

Festus Mwanza
Project Accountant



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2023*

9. Statement of Cashflow for the year ended 30th June 2023

Description	Notes	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities			
Total receipts		-	-
Payments			
Total Payments		-	-
Net receipts/(payments)		-	-
Adjustments during the year			
Prior year adjustments			
Decrease/(increase) in accounts receivable		-	
Increase/(decrease) in accounts payable:		-	
Net cash flow from operating activities		-	-
Cashflow from investing activities		-	
Acquisition of non-financial assets	3	(109,289,013)	-
Net cash flows from investing activities		(109,289,013)	-
Cash flow from financing activities			
Proceeds from foreign borrowings	2	95,289,013	-
Proceeds from GOK	1	14,000,000	-
Net cash flow from financing activities		109,289,013	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalent at beginning of the year		-	-
Cash and cash equivalent at end of the year		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **29th September 2023** and signed by:

.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Merin Koitalek
Project Coordinator

.....
Festus Mwanza
Project Accountant




**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2023**

10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	15,000,000	(4,750,000)	10,250,000	14,000,000	(3,750,000)	137%
Proceeds from domestic and foreign Loans	1,366,000,000	(1,016,000,000)	350,000,000	95,289,013	254,710,987	27%
Total Receipts	1,381,000,000	(1,020,750,000)	360,250,000	109,289,013	250,960,987	30%
Payments						
Acquisition of non-financial assets	1,381,000,000	(1,020,750,000)	360,250,000	109,289,013	250,960,987	30%
Total Payments	1,381,000,000	(1,020,750,000)	360,250,000	109,289,013	250,960,987	30%
Surplus or Deficit	-	-	-	-	-	-

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


.....
Eng. Silas M. Kinoti, MBS
Director General


.....
Eng. Merin Koitalek
Project Coordinator


.....
Festus Mwanza
Project Accountant



11. Significant Accounting Policies

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

a) Statement of Compliance and Basis of Preparation

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

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

b) Reporting Entity

The financial statements are for Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I under Kenya Urban Roads Authority. The financial statements are for the reporting entity Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I as required by Section 81 of the PFM Act, 2012 .

c) Reporting Currency

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



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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d) Recognition of Receipts

Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other Receipts

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

iv) Donations and Grants

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



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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v) Proceeds from Borrowing.

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

vi) Undrawn External Assistance

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

e) Recognition of Payments

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

i) Compensation to Employees

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

ii) Use of Goods and Services

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



iii) Interest on Borrowing

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

iv) Repayment of Borrowing (Principal Amount)

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

v) Acquisition of Fixed Assets

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

f) In-kind Donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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payments in equal and opposite amounts; otherwise, the contribution is not recorded.

g) Cash and Cash Equivalents

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

h) Restriction on Cash

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

i) Imprests and Advances

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



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

j) Contingent Liabilities

A contingent liability is:

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

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

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

The project for Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I did not have contingent liabilities in the year.

k) Contingent Assets

(The Entity) does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of *(the Entity)* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2023***

it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Pending Bills

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

m) Budget

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



n) Third Party Payments

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

and are disclosed in the payment to third parties' column in the statement of receipts and payments.

o) Exchange Rate Differences

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

p) Comparative Figures

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

q) Subsequent Events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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r) Prior Period Adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There are no prior year adjustments for the project in the year under review.



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2023*

12. Notes to the Financial Statements

1. Transfers from Government Entities

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

Details of disbursements	FY 2022/23	FY 2021/22	Cumulative to-date (from inception)
	KShs	KShs	
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	3,750,000	-	3,750,000
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	10,250,000	-	10,250,000
Total	14,000,000	-	14,000,000



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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2. Loan from External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
		(USD)	KShs	KShs	FY 2022/23	FY 2021/22
Export Import Bank of Korea (KEXIM)		822,562.50	-	95,289,013	95,289,013	-
Total	-	822,562.50	-	95,289,013	95,289,013	-



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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3. Acquisition of Non-Financial Assets

Details	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Nairobi Intelligent Transportation System Works	-	-	-	-	-
Design Review & Supervision of Works	14,000,000	95,289,013	109,289,013	-	109,289,013
Relocation of Services	-	-	-	-	-
Total	14,000,000	95,289,013	109,289,013	-	109,289,013



Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I

Annual Report and Financial Statements for the financial year ended June 30, 2023

13. Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Construction of Civil Works	-	-
Consultancy Services	1,246,242	-
Relocation of Services	-	-
Total	1,246,242	-

2. External Assistance

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
External assistance received as loans	95,289,013	-
Total	95,289,013	-

a). External assistance relating loans and grants

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
External assistance received as loans	95,289,013	-
Total	95,289,013	-

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Undrawn external assistance - loans	Works and Consultancy Services	6,623,501,087.00	6,718,790,100.00
Total		6,623,501,087.00	6,718,790,100.00



Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I

Annual Report and Financial Statements for the financial year ended June 30, 2023

c) Classes of Providers of External Assistance

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Bilateral donors	-	6,718,790,100
Total	-	-

e. Purpose and use of external assistance

Payments Made by Third Parties:	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Acquisition of Non-Financial Assets	95,289,013	6,718,790,100
TOTAL	95,289,013	-

f. External Assistance paid by third parties on behalf of KURA by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of (the entity This note should tie to line 3 of note 4 on external assistance).

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Bilateral donors	95,289,013	-
Total	95,289,013	-

g. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project.

- i) The National Treasury/ State department of roads

Related party transactions:

	FY2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers from related parties		
Transfers from the State Department of Roads (SDO)	14,000,000	-
Total Transfers from related parties	14,000,000	-



14. Annexes

Annex 1: Prior Year Auditor-General’s Recommendations

This is the initial Financial Statements for the project and therefore there are no Auditor General’s recommendations.

.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Merin Koitalek
Project Coordinator



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Annex 2: Variance explanations - Comparative Budget and Actual amounts for FY 2022/2023

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance(below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	10,250,000	14,000,000	(3,750,000)	137%	(i)
Proceeds from domestic and foreign loans	350,000,000	95,289,013	254,710,987	27%	(ii)
Total Receipts	360,250,000	109,289,013	250,960,987	30%	
Payments					
Acquisition of non-financial assets	360,250,000	109,289,013	250,960,987	30%	(i) & (ii)
Total payments	360,250,000	109,289,013	250,960,987	30%	



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Annex 3: Reconciliation of Inter-entity transfers

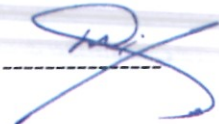
Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I				
Break down of Transfers from the State Department of Roads				
a.	Government Counterpart Funding	Bank Statement Date	Amount (KShs)	Financial Year
	Nairobi ITS Establishment & Junctions Improvement Project - Invoice 01	30-Sep-22	3,750,000	FY 2022/2023
	Nairobi ITS Establishment & Junctions Improvement Project - Invoice 01	25-May-23	3,300,000	FY 2022/2023
	Nairobi ITS Establishment & Junctions Improvement Project - Invoice 01	27-Jun-23	6,950,000	FY 2022/2023
		Total	14,000,000	
b	Direct Payments			
	Nairobi ITS Establishment & Junctions Improvement Project - Invoice 01		95,289,013	FY 2022/2023
		Total	95,289,013	
		TOTAL(a+b+c)	109,289,013	

The above amounts have been communicated to and reconciled with the Parent Ministry.

Project Coordinator
Kenya Urban Roads Authority

Head of Accounting Unit
State Department of Roads

Sign



Sign-----



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Annex 4: Analysis of Pending Bills

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022/23	Outstanding Balance 2021/22	Comments
	a	b	c	d=a-c		
Construction of Nairobi ITS -civil works						
Nairobi ITS Works	-		-	-	-	
Sub-Total	-	-	-	-	-	
Supply of services						
Consultancy Services	15,246,242		14,000,000	1,246,242	-	
Sub-Total	15,246,242	-	14,000,000	1,246,242	-	
Relocation of Services						
Relocation of Services	-		-	-	-	
Sub-Total	-	-	-	-	-	
Grand Total	15,246,242	-	14,000,000	1,246,242	-	