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THE AUDITOR-GENERAL

ON

**NAIROBI METROPOLITAN AREA TRANSPORT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2022**



**THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY
(NaMATA)**

REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

Table of Contents	Page
1. KEY ENTITY INFORMATION AND MANAGEMENT	ii
2.THE BOARD OF DIRECTORS	vii
3. MANAGEMENT TEAM	xvi
5.REPORT OF THE CHIEF EXECUTIVE OFFICER	xix
I. CURRENT STATUS.....	xx
BRT LINE 1	xx
PILOT BRT LINE 2	xxi
BRT CORE LINE 3	xxii
4. REVIEW OF NAMATA'S REGULATORY & NON – COMMERCIAL ENTERPRISE 'S PERFORMACE FOR FY 2021/2022	xxv
5. CORPORATE GOVERNANCE STATEMENT	xxvi
6. MANAGEMENT DISCUSSION AND ANALYSIS	xxxi
7. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	xxxv
8. REPORT OF THE DIRECTORS.....	xxxvii
9. STATEMENT OF DIRECTORS' RESPONSIBILITIES	xxxix
10. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>ENTITY</i>	xl
11. STATEMENT OF FINANCIAL PERFORMANCE	1
12. STATEMENT OF FINANCIAL POSITION.....	2
13. STATEMENT OF CHANGES IN NET ASSETS.....	3
14. STATEMENT OF CASH FLOWS.....	4
15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
16. NOTES TO THE FINANCIAL STATEMENTS	6
APPENDIX I: PROJECTS IMPLEMENTED BY THE ENTITY	27
APPENDIX II: INTER-ENTITY TRANSFERS	28
APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	29

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kenya has practiced traditional models of city development – without an effective transport and proper land use planning. In 2003 an inter-agency committee was formed by the then Minister for Transport to address problems affecting all sub-sectors of transport in the country. The committee came up with an Integrated National Transport policy that was approved by the Cabinet in 2009 and by Parliament as Sessional Paper no.2 of 2012. Among other recommendations was; development of Mass Rapid Transit System (MRTS) comprising of Bus Rapid Transit, Light Rail, Metro System and an elaborate non-motorized transport network and to carry out the integrated transport agenda with the Nairobi Metropolitan Area, the establishment of Nairobi Metropolitan Area Transport Authority (NaMATA). This recommendation was anchored into the Vision 2030 and subsequent Medium-Term Plans.

This led to the signing of MOU to establish NaMATA on 21st October 2014 between the Governors of the five NMA Counties of Nairobi City, Kajajido, Kiambu, Machakos and Murang'a and Cabinet Secretary for Transport and Infrastructure. This paved way for the establishment of Nairobi Metropolitan Area Transport Authority (NaMATA) steering Committee through Gazette Notice No. 1093 of 20th February 2015 supported by a secretariat.

In February 2017, Nairobi Metropolitan Area Transport Authority (NaMATA) was established by an Executive Order by His Excellency the President through Legal Notice No. 18 of 17th February 2017. The main objective is to develop a sustainable integrated public transport and a sustainable urban mobility plan for the Metropolitan Area.

A Mass Rapid Transit System (MRTS) map for the Nairobi Metropolitan Area has been developed and it identifies five (5) Bus Rapid Transit corridors with provision for upgrade to light rail and integration locations with the current commuter rail. These corridors are at various implementation stages and technical/ institutional set up initiatives are all being executed by different road agencies under the Ministry of Transport, Infrastructure, Housing Urban Development and Public Works (MoTIHU&PW). This stakeholders/agency multicity has created challenges in the definition of transport integration and sustainability principles along the predetermined MRTS corridors, hence the pertinence of establishment of NaMATA.

(b) Principal Activities

The mandate of the Authority is to:

- Develop a sustainable integrated public transport strategy for the Metropolitan Area;
- Develop a sustainable urban mobility plan for the Metropolitan Area derived from the strategy;
- Formulate and oversee the development of a sustainable, evidentially based, Integrated Mass Rapid Transit System Strategy;
- Plan, regulate and co-ordinate the supply of adequate and effective Mass Rapid Transit System;
- Formulate and implement programmes and policies for the overall improvement of public transportation systems within the Metropolitan Area;
 - Provide an enabling environment for orderly and structured development of the mass transit system, including both bus rapid transit and commuter rail within the Metropolitan Area;
- Coordinate with other government agencies and other parties for the development and operation of transport infrastructure, facilities and works necessary for the discharge of the functions of the Authority;

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

- Develop an inventory and undertake continuous evaluation of the declared road network status within the Metropolitan Area;
- Formulate strategies to ensure overall improvement in traffic flow, planned and programmed traffic engineering and traffic management works within the Metropolitan Area;
- Ensure optimal utilisation of intermodal means of transport including air, road, rail and non-motorised transport and any other modes targeting mass movement within the Metropolitan Area;
- Assist in poverty alleviation by increasing economic efficiency through lower transport costs and prices within the Metropolitan Area;
- improve the environmental sustainability of the transport system in the Metropolitan Area; (m) facilitate the integration of transport and land use planning in the Metropolitan Area;
- Make better use of existing road space for all modes and reduce the need for the construction new roads within the Metropolitan Area;
- Regulate both on street and off-street parking on declared corridors and impose fees and penalties with respect thereto;
- Conduct studies and research for, amongst other things, identification of the Mass Rapid Transit System routes, corridors, network and service levels;
- Develop appropriate and sustainable funding mechanisms in order to achieve the objectives of the Authority; and
- Perform the any other functions vested upon the Authority under the Nairobi Metropolitan Area Transport Authority Order.

Vision Statement of the Authority

A safe, reliable, affordable and seamless public transport system

Mission Statement of the Authority

To transform the quality of life through delivery of an integrated and sustainable public transport system within the Nairobi Metropolitan Area

(c) Key Management

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

- Board of Directors;
- Director General
- Management

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

	Designation	Names
1.	Ag. Director General	Eng. Francis Gitau
2.	Ag. Director Projects and Planning	Eng. Michael Njonge
3.	Ag. Director Transport Planning	Planner James Maina
4.	Ag. Corporation Secretary	Ms. Connie Ngachu
5.	Senior Deputy Accountant General	CPA Joyce Mutugi
6.	Ag. Head of Finance	Mr. Daniel Odhiambo
7.	Ag. Head of Procurement	Mr. John Maina
8.	Ag. Director Corporate Services	Mr. John Muya

(e) Fiduciary Oversight Arrangements

The Board of directors have created board committees for their fiduciary oversight:

Committee	Members	Function
HUMAN RESOURCE AND ADMINISTRATION COMMITTEE	<p>a. July 2021 – October 2021</p> <p>1. Ms. Mary W. Chege 2. Hon. Mohammed Dagane 3. Mr. George Wanjau 4. Mr. James Maina 5. Mr. Francis Parismei 6. Eng. Benjamin Njenga</p> <p>b. November 2021 – June 2022</p> <p>1. Ms. Naomi Mutie 2. Eng. Samwel Mugo 3. Mr. Mohammed Dagane 4. Eng. B.K. Njenga 5. Mr. Alex Leshinka</p>	Provide oversight on all Human Resource and Administration functions.
	<p>July 2021 – October 2021</p> <p>1. Mr. Ronald Ndegwa 2. Mr. Mohammed Dagane 3. Mr. Francis Parsime 4. Eng. Amos Njoroge 5. Mr. James Maina</p>	Provide oversight on all Technical & Strategy functions.

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

	<p>6. Eng. Benjamin Njenga 7. Mr. James Maina</p> <p>b. November 2021 – June 2022</p> <p>1. Eng. Samwel Mugo 2. Mr. Mohammed Dagane 3. Ms. Sarah Masaki 4. Ms. Naomi Mutie 5. Mr. Alex Leshinka</p>	
AUDIT, RISK, COMPLIANCE AND GOVERNANCE COMMITTEE	<p>July 2021 – October 2021</p> <p>1. Ms. Mary Chege 2. Ms. Naomi Mutie 3. Mr. Ronald Ndegwa 4. Mr. Joseph Mwaura 5. Mr. Francis Parsimei</p> <p>b. November 2021 – June 2022</p> <p>1. Mr. Alex Leshinka 2. Ms. Sarah Masaki 3. Eng. Samwel Mugo 4. Mr. Joseph Mwaura</p>	Provide oversight on all audit, risk and governance functions.
FINANCE AND GENERAL-PURPOSE COMMITTEE	<p>July 2021 – November 2021</p> <p>1. Eng. Zachariah Kareng'e 2. Mr. James Maina 3. Eng. Amos Njoroje 4. Mr. George Wanjau 5. Mr. Joseph Mwaura 6. Mr. James Maina</p> <p>b. November 2021 – June 2022</p> <p>1. Mr. Mohammed Dagane 2. Ms. Naomi Mutie 3. Eng. B.K. Njenga 4. Mr. Joseph Mwaura</p>	Provide oversight on all finance and general-purpose functions.

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

(f) Entity Headquarters

Cianda House
Koinange Street
P.O. Box 52692-00200
Nairobi, KENYA

(g) Entity Contacts

Telephone: +254-020-2729200

E-mail: info@namata.go.ke

Website: www.namata.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Capital Hill Branch
Nairobi

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS




Mr. Charles Hinga
Principal Secretary responsible for Housing
and Urban Development
Alternate Member to PS, Housing – Eng.
Benjamin Njenga

Charles Hinga is the Principal Secretary, State Department for Housing and Urban Development (SDHUD) under the Ministry of Transport, Infrastructure, Housing and Urban Development and Public Works in the Government of Kenya. In this role, Charles leads the SDHUD team in undertaking housing policy management, management of various housing schemes for civil servants and disciplined forces, development and management of government pool housing, public accommodation lease and management, maintenance of the inventory of government housing property as well as development and management of affordable housing.

The State Department is also charged with shelter and slum upgrading, urban planning and development, as well as the establishment of an integrated, efficient, and sustainable urban public transport within the Nairobi Metropolitan Area. More specifically, the State Department is spearheading the implementation of the New Urban Agenda and efforts to achieve SDG 11 which focus on creating sustainable cities and human settlements, disaster risk reduction, adequacy of services, and inclusivity within communities. SDHUD is also championing the delivery of 500,000 affordable homes by 2022 as articulated under the current administration's Big Four Agenda.

Prior to joining public service, Charles was a successful entrepreneur, establishing and running a group of companies with interests in Investment Banking, Project Finance, and township-based broadband telecommunications. Through this experience, Charles has nurtured skills skilled in project design, structuring, and capital raising, financial analysis, negotiations and business case development for public-private partnerships.

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

	<p>In 2016, he was the recipient of the South Africa Professionals Services Awards as the Consulting Professional of the year. The judges noted that he won this award for the well-articulated desire to make a difference working through an offshoot of the consulting business that provides internet connectivity to the previously disadvantaged.</p> <p>Charles is a Chartered Accountant (CA) and holds a Bachelor of Commerce (Accounting) degree from Kenyatta University as well as a Bachelor of Accounting Science (Honours) degree from the University of South Africa.</p>
 <p>Dr. Julius Muia Principal Secretary responsible for Finance Alternate Member to PS, Finance – Mr. Joseph Mwaura</p>	<p>Dr. Julius Muia is the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning – The National Treasury and Planning. Before his appointment as PS Planning, he was the Director General, Vision 2030 Delivery Secretariat which operated under the Office of the President, Republic of Kenya to facilitate the implementation of Vision 2030. This is Kenya's long-term policy framework that is premised on making Kenya a globally competitive, rapidly industrializing and upper middle-income economy by 2030.</p> <p>Between April 2008 and October 2016, Dr. Muia served as the Secretary, National Economic and Social Council, Office of the President. This is a top advisory government think tank whose flagship project was formulating Vision 2030.</p> <p>An alumnus of the University of Nairobi's School of Business, Dr. Julius Muia graduated with a First Class Honours Degree in Accounting; Master's Degree and PhD in Finance from the same university. His professional qualifications include: Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach.</p>

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022



Eng. Peter Korinko Mositet
 Chairperson

Hon. Eng. Peter Korinko Mositet is a registered Professional Engineer with the Institute of Engineers of Kenya and Engineers Board of Kenya. He holds a Bachelor of Science Degree in Civil Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Higher Diploma in Civil Engineering from The Kenya Polytechnic (currently The Technical University of Kenya), Ordinary Diploma in Civil Engineering from The Kenya Polytechnic (currently The Technical University of Kenya) and a Certificate in Water Engineering from Ministry of Water Training School. Currently pursuing Master of Arts-Social Transformations-Tangaza University College.

Eng. Peter Korinko Mositet has Thirty Five (35) year of local, regional and global experience in Civil and Structural Civil Engineering including Building and Construction having previously worked with Assumption Sisters, Médecine Sans Frontiers (MSF) Belgium, (CCK) currently Communication Authority of Kenya, District Works Office Kajjado and Machakos, Department of Defence, Universal Concern, Namuncha Community, National Water and Pipeline Corporation (N.W.C.P.C), Concerner Universal, Thika Municipal Council, former Ministry of Works, Girl Child Network, Olkejuado County Council, Ministry of Roads, Friends of Meistre, ASAL, Kenya Rural Roads Authority (KeRRA), Kenya National Highways Authority (KeNHA) and Athi Water Services Board Ammon others.

While serving in all these organisations either as a Consultant or Project Engineer, he worked with many professionals for the successful establishment and delivery of specific projects.

Hon. Dagane has been a Director and a member of the Human Resources & Administration and the Technical and Strategy committee for NaMATA since March 2018. Hon. Mohamed Dagane is the County Executive Committee Member (CECM) for Roads, Transport and Public Works for Nairobi City County Government.

He has also served as the CEC for health in the County Government of Nairobi. Dagane is results focused governance, ethics and communication

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022



Hon. Mohammed Dagane
 County Executive Committee Member in
 Charge of Transport, Nairobi County

specialists with a wide range of experience in governance and leadership in both public and private sectors. His inputs and outputs have spurred and supported governance and policy development and planning, human resources management organizations.

Hon. Dagane has worked for several private and public sector organizations in different capacities including: Nairobi City County (County Executive various positions, 2017- present); RACIDA (Regional Programme Coordinator for Kenya, Ethiopia and Somalia, Helpage International (UK), Save the Children and COCOP (Kenya.)

A change driver and visionary leader accustomed to overcoming numerous and seemingly-impossible challenges to deliver improvements in health, roads and public transport performance while positively impacting community members and service recipients. An expert negotiator by leveraging a calm and composed demeanour; lead teams in complex dealings, salvage broken-down discussions, and mend adversarial relationships.



Ms. Naomi Mutie
 County Executive Committee Member in
 Charge of Transport, Machakos County


Ms. Naomi is currently the CEC In Charge of Transport in Machakos County. Naomi Mutie is a seasoned public health specialist, who has risen through the rank working at grassroots level, raising upto the policy level. Has an extensive understanding of health systems strengthening.

Has an experience of teaching, and mentoring & training of both pre service and in-service trainees at satellite MTC of ISO certified premier health training college (KMTC) for 8 years majoring on public health and environmental health & disaster management. Her role was equipping students with requisite evidence-based learning and teaching, geared towards solving the new and re-emerging public health challenges.



Has had an opportunity to work as District health manager supervising delivery of public health and sanitation services in Makindu and Athi River District (2011-2013)

Has served in county government of Machakos as County Executive Committee (CEC) Member for

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
 Annual Reports and Financial Statements
 For year ended June 30, 2022

	<p>Health & Emergency Services, Water and Environment, Transport Roads and infrastructure for the last 8 years. Main roles in devolved government includes policy formulation, coordination and monitoring implementation of both National and County policies in Health, Water and infrastructure for improved service delivery (2013-2020)</p> <p>Has international exposure of Israel health systems and experiential leadership coaching (LEHHO) from Strathmore business school. She is a trained executive coach for managers program by Strathmore business school/esTalent. Has a rich background in public health, environment, water, strategic management, policy formulation and sector co-ordination. Served in public service for more than 28 years.</p> <p>A known diligent hardworking result oriented with challenge-based leadership model. Known inspirational leader, team player, with supportive challenging management style that motivates and challenges individuals to exceed call of duty.</p> <p>A team player who is result oriented and has project management style which adheres to strict timelines and achievable tangible results, challenging team members to go beyond call of duty to demonstrate results.</p>
 <p>Eng. Amos Njoroge County Executive Committee Member in Charge of Transport, Murang'a County</p>	<p>Eng. Amos Njoroge holds a Bachelor's Degree in Civil Engineering from the University of Nairobi. He is a registered Engineer with Engineers Board of Kenya (EBK).</p> <p>Some of the notable achievements of Eng. Amos Njoroge include Conducting Hydrological evaluation analysis of the performance of drainage system in the Central Business District (CBD) Nairobi.</p> <p>He was also Involved in design implementation, design modification to suit site conditions, quality control and assurance, coordination of junior staff and supervision and supervision of Tswapong Access roads which involved construction of 78km road network.</p> <p>Eng. Amos Njoroge has been involved in labour-based projects in Kenya, community-based</p>

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

	<p>projects especially Ragia water community project and the upgrading to Bitumen Standards of Kaptama - Kapsokwony - Sirisia Road.</p>
 <p>Mr. Alex Leshinka Kilouwa County Executive Committee Member in Charge of Transport, Kajiado County</p>	<p>Mr. Alex Leshinka Kilouwa holds a Bachelor of Commerce (Finance) First Class Honours from the Jomo Kenyatta University of Agriculture and Technology.</p> <p>He is currently the County Executive Committee Member for roads, Public Works, Transport, Housing and Energy in Kajiado County.</p> <p>He has also worked in the security sector as the Personal Assistant/assistant Secretary of Interior and Co-ordination of National Government.</p>
 <p>Eng. Samuel Mugo County Executive Committee Member in Charge of Transport, Kiambu County</p>	<p>Eng. Samuel Mugo is currently the CECM – Lands, Housing, Physical Planning & Urban Development, and Acting CECM Roads, Transport & Public Works, Kiambu County.</p> <p>He has worked as a Technical Assistant – Nairobi Metropolitan Development – Individual Consultant for the Implementation of World Bank Financed projects in Kiambu County and a Director, Design & Special Projects – Apec Consortium Ltd.</p> <p>He was the Head of Regional Network department– Eastern, Coast and Nairobi Regions. Responsible for network planning, rollout, optimization and maintenance; reporting to the Chief Technical Officer and also a senior manager responsible for Cost and Procurement Controls in the Network Implementation department. Responsible for cost/budget controls and equipment procurement for rollout and optimization projects. Reporting to the Head of Department.</p> <p>Eng. Samuel Mugo has worked for Mugoya Construction and Engineering Ltd as Senior Manager, Senior Estimator in the Commercial and Tendering Department. In charge of preparation of Tenders for the company and reporting to the General Manager. The work consisted of preparation of competitive professional tenders for various Civil, Electrical and Mechanical projects.</p>

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

	<p>Involved in tender qualification documents, pricing, discussions with sub-contractors, tender finalization with company management and project hand over to operations department and assist site teams meet set cost and time targets.</p> <p>He has also worked for Mumias Sugar Factory Ltd as Senior Manager responsible for Project Implementation Description: Project Quantity Surveyor in the Mumias Sugar Factory rationalization project, seconded to Booker Tate Ltd (UK) Engineer. Reporting to the Project site Manager. Engaged in Civil, Mechanical and Electrical works quantities and cost controls.</p> <p>Eng. Mugo has worked for Sogea International Company as Quantity Surveyor responsible for site measurements and payment certificates and Zakhem International as Site Engineer responsible for works and quality assurance in the construction of cross-country oil pipeline and storage tanks. Responsible for the day-to-day phasing of finishing works including tank painting, water and air testing of tanks welding and fitting works.</p> <p>He has undertaken vocational experience with: H.P. Gauff and Gibb Consulting Engineers on the Supervision of 78km Gravel Garsen-Lamu road Project Engaged with field and laboratory testing of soils and concrete, site surveys and subsequent office calculations and drawings and in the site measurements.7</p>
 <p>Ms. Mary Chege Independent Member</p>	<p>Mary Chege is an Advocate of the High Court of Kenya with over eighteen years' experience in advising on a broad range of transactions across Sub-Saharan Africa in the energy, infrastructure, real estate and natural resources sectors. She is a Certified PPP Practitioner – CP³P® and is an accredited CP³P trainer. Passionate about the African continent, Ms. Chege is a founding member of the African Network for Women in Infrastructure (ANWIn) of the African Union Commission.</p> <p>Ms. Chege holds a Bachelor of Laws from University of Nairobi, Kenya and a Master of Laws from University of the Witwatersrand, South Africa. She serves in the Authority as an Independent Board</p>

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)

Annual Reports and Financial Statements

For year ended June 30, 2022

	<p>Member and chairs the Audit, Governance, Risk and Compliance Committee.</p>
<div data-bbox="312 779 624 1191" data-label="Image"> </div> <div data-bbox="268 1261 533 1328" data-label="Caption"> <p>Mr. Ronald Ndegwa Independent Member</p> </div>	<p>Mr. Ronald Ndegwa holds a Bachelor of Science in Civil Engineering (Upper Second Class Honours) from the University of Nairobi, a Diploma in Human Resources Management (First Class Honours) from Damelin Management School, Port Elizabeth, South Africa and a Certificate in Logistics (Supply Chain) Management Programme from Cranfield University School of Management, UK. He is a Member of the Institute of Engineers Board of Kenya (EBK) and a Member of the Kenya Institute of Supplies Management (KISM).</p> <p>He was the Group Head of Supply Chain & Logistics supporting Kenya Breweries Ltd, Uganda Breweries Ltd, United Distillers & Vinters, Central Glass Industries, East African Maltings Ltd & International Distillers- Uganda Ltd from September 2005 to November 2008. He was also the Supply Chain Director responsible for Magadi Rail Operations, Roads & Rail Maintenance, Procurement, Warehousing & Distribution, Mombasa Export Terminal, Shipping Operations and Kajiado Locomotive Maintenance & Product Transshipment facility and Community support programs (passenger transport via rail, water supply etc.) at Magadi Soda Company Ltd (Tata Chemicals Magadi Ltd). He also served as Chairman - Magadi Soda Provident Fund Board of Trustees.</p> <p>Mr. Ndegwa also was the Managing Director of Savannah Cement Ltd from December 2013 to July 2020. He is currently serving as the Chairman of Mount Kenya Holiday Homes Ltd</p>
	<p>Zachariah Karengi Mungai is the General Manager of Field Engineering, Leasing Operations & Fleets Management for Isuzu East Africa Ltd (formerly General Motors East Africa), the largest motor vehicle assembler in the region selling a wide range of Isuzu vehicles. His career in GM began in 2005 in its East African operations where he has worked for the last 16 years. Prior to his current position, Karengi held several key roles in Product Planning & Engineering and Export Operations organizations both in East Africa and GM Sub-Saharan Africa Operations.</p>

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022



Mr. Zachariah Karenge
 Independent Member

Karenge holds a Bachelor's Degree in Engineering (1st Class Hons) received from Moi University, and an Executive Master's Degree in Business Administration (MBA) from the JKUAT University. Karenge is currently a board member for the Nairobi Metropolitan Area Transport Authority. He previously served in several technical committees of Kenya Bureau of Standards and was instrumental in the development of the current Fuel and Motor Vehicle Inspection standards that are transitioning Kenya to cleaner Euro 4 Emission Levels.

He also served in the various United Nations Environmental Programme committees that steered the cleaner emission standards journey for the country and the National Transport & Safety Authority. Throughout his career, Karenge has had extensive international training and exposure assignments in various countries including UK, Japan, Thailand, Dubai, South Africa, Egypt, and Sub-Sahara Africa Countries. Karenge is a member of various professional organizations including the Institute of Directors of Kenya, Engineers Registration Board, the Institution of Engineers of Kenya and the Institution of Construction Project Managers of Kenya.



Eng. Francis Gitau
 Ag. Director General

Eng. Francis Gitau is a consulting engineer with the Board and a Corporate member of the Institution of Engineers of Kenya.

He holds Bachelor's degree (Civil Engineering) from the University of Nairobi, an Executive Master degree in Business Administration from the Jomo Kenyatta University of Agriculture and Technology, Post Graduate Professional Qualification in Road Maintenance, Trained in Change Leadership and Advanced Project Preparation

Eng. Gitau has over 30 years in engineering management and is currently the Infrastructure Secretary at the State Department of Infrastructure

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

 <p>Ms. Connie Ngachu Ag. Corporation Secretary</p>	<p>Ms. Connie Ngachu is an Advocate of the High Court of Kenya. She holds a Bachelors of Law Degree (Second Class Honours) from Catholic University of Eastern Africa, Post Graduate Diploma in Law from Kenya School of law and pursued a Masters in Oil and Gas Law at Strathmore University. She is also a member of the Law Society of Kenya, East Africa Law Society and an Associate Member of the Chartered Institute of Arbitrators. She is a Commissioner of Oaths, Notary Public, ISO Auditor, CPS(K) and has over 12 years work experience.</p>
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3. MANAGEMENT TEAM

Names	Title designation	Key qualification
Eng. Francis Gitau	Ag. Director General	<p>Eng. Francis Gitau is a consulting engineer with the Board and a Corporate member of the Institution of Engineers of Kenya.</p> <p>He holds Bachelor's degree (Civil Engineering) from the University of Nairobi, an Executive Master degree in Business Administration from the Jomo Kenyatta University of Agriculture and Technology, Post Graduate Professional Qualification in Road Maintenance, Executive Masters in Business Administration, Trained in Change Leadership and Advanced Project Preparation.</p> <p>Eng. Gitau has over 30 years in engineering management and is currently the Infrastructure Secretary at the State Department of Infrastructure</p>
Eng. Michael Njonge	Ag. Director Projects and Planning	<p>Eng. Michael Njonge is a Registered Engineer of EBK and IEK.</p> <p>He holds a BSC Civil Engineering from University of Nairobi. He has undertaken courses on Intelligent Transportation Systems and Labour Based Road Construction and Maintenance. He has 31 years work experience as an Engineer</p>
Connie Ngachu	Ag. Corporation Secretary/Head of Legal Affairs	<p>Ms. Connie Ngachu is an Advocate of the High Court of Kenya.</p> <p>She holds a Bachelors of Law Degree (Second Class Honours) from Catholic University of Eastern Africa, Post Graduate Diploma in Law from Kenya School of law and pursued a Masters in Law Degree in Oil & Gas at Strathmore University and CS(K). She is also a member of the Law Society of Kenya, East Africa Law Society and an Associate</p>

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

		Member of the Chartered Institute of Arbitrators. She is a Commissioner of Oaths, Notary Public, ISO Auditor and has over 12 years work experience.
CPA Joyce Mutugi	Senior Deputy Accountant General	CPA(K), MBA
Daniel Odhiambo	Ag. Head of Finance	Mr. Daniel Odhiambo holds M.A. (Economics), PGD Development Studies with 12 years working experience.
David I. Kinyae	Ag. Head of Procurement	Mr. David Kinyae holds a MSC in Procurement, Logistics and Supply Chain Management, Professional Diploma CIPS (UK) Procurement Logistics and Supply Chain Management, Final Diploma in Supply Chain Management, Diploma I&II in Supply Chain Management. He has over 32 Years of work experience
John Muya	Ag. Director Corporate Support Services	Mr. John Muya holds MA Public Administration, Bachelor Degree in Public Health and has over 20 years work experience in Public Administration.

4. CHAIRPERSON'S STATEMENT

In recent years, Kenya has experienced a steady economic growth fuelled partly by massive investment in the Transport Sector. Nairobi is the main economic centre in the country contributing to over 40% of the country's GDP. A key challenge for Nairobi Metropolitan Area (NMA) is the rapid population growth, taking place within the context of a deteriorating and costly transport system.

Various studies indicate that Nairobi City County has a daily sleeping population of 4.2 Million. This population increases to above 7-million-day population (an increase of 70%) most of whom reside in the surrounding counties of Kiambu, Murang'a, Machakos and Kajjado. This is projected to reach 15.1 Million in year 2030.

It is estimated that the value of time lost to travel in Nairobi is between US\$ 0.8 million and US\$ 4 million per month, with congestion costing about US\$ 500,000 daily. This has a huge negative effect on productivity. It is also harming Nairobi as a business destination, along with other cities in Kenya, including Mombasa. It is also estimated that Kenya's annual cost of road traffic accidents, in which most victims are pedestrians in urban areas, is equivalent to about KES 300 billion.

As per the Constitution of Kenya 2010, transport is a devolved and shared function between the two levels of government. The Constitution under Article 189, (2) allows for the two levels of government to enter into an agreement regarding the performance of functions that cut across by setting up joint committees and joint authorities.

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

It is on this basis that in October 2014, the Ministry of Transport, Infrastructure, Housing and Urban Development and the County Governments of Nairobi City, Kiambu, Murang'a, Machakos and Kajiado (Nairobi Metropolitan Area) signed a Memorandum of Understanding for the development of an integrated transport system within NMA.

To actualize this, the Ministry through the Gazette Notice No. 1093 of 20th February 2015, appointed a Steering Committee for a period of one year comprising of members from the National Government and from the five (5) NMA Counties.

The main mandate of the Committee was to oversee the establishment of an integrated, efficient, safe, reliable and sustainable transport system within the NMA and establishment of Nairobi Metropolitan Area Transport Authority (NaMATA). The Gazette Notice was extended for another one year with effect from 1st March 2016 vide Kenya Gazette Notice No.1743.

In February 2017, NaMATA was established by an Executive Order by His Excellency the President through Legal Notice No. 18 of 17th February 2017 with the responsibility of developing and implementing a comprehensive urban transport policy, including a MRTS network development and definition of overall operational regulation of urban commuter services.

NaMATA's principal objective is to oversee the establishment of a safe, integrated, efficient, effective, and sustainable public transport system within the Nairobi Metropolitan Area. To achieve it, the Authority shall plan, develop, maintain, and operate an integrated and sustainable public transport network that includes infrastructure and services that affect delivery of the Authority's mandate within the Nairobi Metropolitan Area (NMA).

The policy and strategic leadership of NaMATA is vested in a Council comprising of:

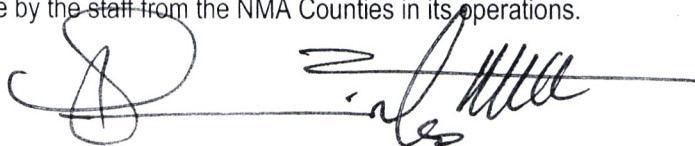
- i. The Cabinet Secretary responsible for Transport (Chairman)
- ii. The Cabinet Secretary responsible for Finance
- iii. The Governor of Nairobi City County (Deputy Chairperson)
- iv. The Governor of Kiambu County;
- v. The Governor of Machakos County
- vi. The Governor of Kajiado County
- vii. The Governor of Murang'a County

The task of delivering an efficient and affordable public transport system for NMA requires NaMATA to effectively mainstream and coordinate all implementation efforts and initiatives by different players in the transport sector

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

for the region. This includes hosting frequent dialogues among key stakeholders and establishing coordination and implementation mechanisms.

In this regard, sustained capacity building for its staff will be essential to ensure that NaMATA is able to fulfil its role of coordinating and leading urban transport initiatives. Currently, the NaMATA has been relying on deployed staff. The staff have been deployed from the National and County Governments including the State Department of Transport, State Department of Housing and Urban Development, the Kenya Urban Road Authority, the State Department of Infrastructure, and from the five NMA County Governments. NaMATA has greatly benefited from the contribution made by the staff from the NMA Counties in its operations.



Chairperson, Nairobi Metropolitan Area Transport Authority.

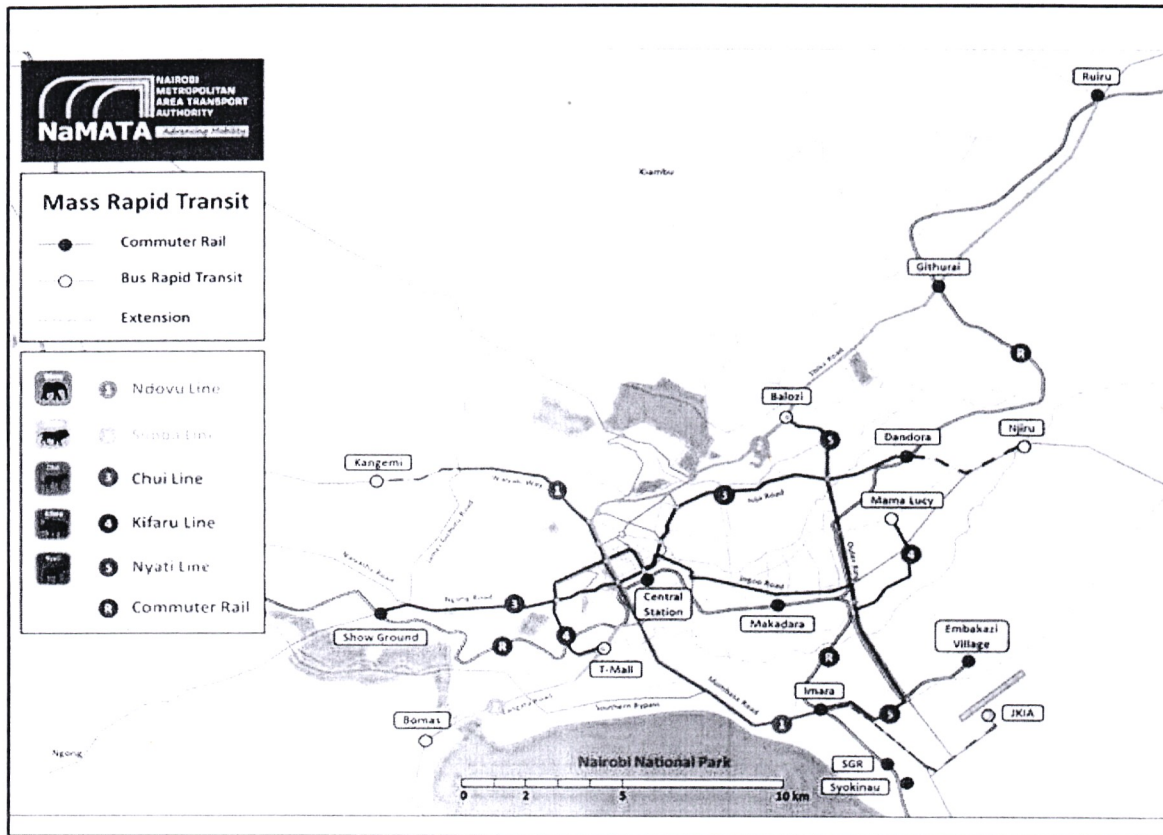
5.REPORT OF THE CHIEF EXECUTIVE OFFICER

The Integrated National Transport Policy (INTP) was adopted by Cabinet in 2009 with a Sessional Paper passed by Parliament on 14th August 2012 to operationalize the policy. The INTP mission is to develop, operate and maintain an efficient, cost effective, safe, secure and integrated transport system that links the transport policy with other sectoral policies, in order to achieve national and international development objectives in a socially, economically and environmentally sustainable manner. The policy proposes measures aimed at “Consolidation of Urban Public Transport”, through encouraging a shift to high occupancy vehicles amongst other measures.

The Integrated National Transport Policy identifies coordination gaps and recommends establishment of a Metropolitan Transport Authority (MTA) to address these gaps. This therefore, requires that an integrated passenger transport network is considered essential and that a mass rapid transport system is to be constructed in Nairobi and its environs. It is under this backdrop that a Mass Rapid Transit System (MRTS) is envisaged for Nairobi with Bus Rapid Transit (BRT) and Commuter Rail at the core.

It is against this backdrop that in 2014, the Ministry of transport infrastructure housing and urban development commissioned a study that harmonized the MRTS corridors and came up with five BRT corridors and four commuter rail corridors. These are represented in the schematic diagram below:

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022



In 2019, the Nairobi Metropolitan Area (NMA) Council gazetted the following BRT corridors:

1. LINE 1: NDOVU: - Limuru - Kangemi - CBD - Imara Daima - Athi River – Kitengela
2. LINE 2: SIMBA: - Rongai - Bomas (Langata Rd) - CBD - Ruiru - Thika – Kenol
3. LINE 3: CHUI: - Tala - Njiru – Dandora (Juja Rd) - CBD – Showground (Ngong Rd) – Ngong
4. LINE 4: KIFARU: - Mama Lucy Hospital - Donholm (Jogoo Rd) - CBD - T Mall - Bomas - Karen – Kikuyu
5. LINE 5: NYATI: - Ridgeways (Kiambu Rd) - Balazi (Allsops) - Imara Daima

I. CURRENT STATUS

BRT LINE 1

The project is located on sections of A8 from Kabete Police Station as the origin of the line through Nairobi Central Business District to Nairobi Standard Gauge Railway Terminus. The feasibility study has already been completed, meeting with various stakeholders undertaken and proposed changes on the report are to be made by the contractor.

To integrate with the airport a branch line is proposed from the Nairobi SGR Terminus to Jomo Kenyatta International Airport. The operations of the line are categorized into main line from Kabete Police Station to

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

Nairobi SGR terminus totaling to 30 kilometers. The main line will have 24 stations with 32 BRT intermediate platforms. The branch line connecting with the airport will be 6 kilometers in length with 4 intermediate BRT platforms in 3 stations. Additional extensions proposed for BRT line 1 are Kikuyu, Industrial Area, Embakasi Village and Kitengela branch lines.

PILOT BRT LINE 2

3.2.1 Introduction

The BRT Line 2 Pilot project is divided into two phases: -

Phase I: – 20 kilometers in length originating at Ruiru and terminating in Nairobi CBD Section

Phase II: - Extensions of Phase I from Clayworks to Ruiru a length of 3 kilometers and from Nairobi CBD to Kenyatta National Hospital a length of 4 kilometers.

The NaMATA engaged STECOL Corporation in joint venture with SMEDI through a turnkey contract for the Design and Build of Pilot BRT facilities on Line 2 for a contract sum of **KES. 5,575,071,799**. The project involves the following: -

- Modification of 10 existing footbridges
- Construction of median BRT stations
- Non-motorised transport infrastructure
- Ramp bridge at Ruiru
- Isolation of BRT lane from general traffic lane
- Kenyatta National Hospital Terminal station, Kasarani and Ruiru Depot.
- Automated BRT priority traffic signals for Pangani Underpass
- Management and smooth flow of traffic.
- BRT pavement
- Traffic control during construction
- Road marking, road signs and other ancillary facilities

Total works are at 56% completion.

3.2.2 Progress

3.2.2.1 Kasarani Depot

The works comprise a Management and Maintenance buildings, dispatch office, laboratory, pavements and services including sewerage, water reticulation, electrical conduits and a perimeter wall. The works at the Depot are at 80% completion.

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

3.2.2.2 Ruiru depot

After a site visit involving NaMATA and Kenya Railways teams, it was observed that the design earlier would affect some buildings within the compound whose owners have long-term leases with Kenya railways. A revised design was submitted to Kenya Railways in July this year. There has been no response. The Contractor has written giving notice of intention to claim for delayed access to site. NaMATA is following up with Kenya Railways.

3.2.2.3 Median Stations

The steel structures for the stations are complete at Kenyatta University, Kahawa Barracks and Safari Park. The Contractor has applied for electricity connection at Safari Park. This will enable installation and testing of the station equipment prior to the roll out of the other stations.

3.2.2.4 Khoja BRT station

The site for the Khoja BRT station is currently used as a matatu terminus. NaMATA is working with Nairobi Metropolitan Services (NMS) on relocation of the matatus to enable the Contractor to commence with the works there.

3.2.2.5 Central Railway Transfer Station

NaMATA working with NMS had started site clearing works for construction of the station before they were stopped by Kenya Railways. Discussions with Kenya Railways to resolve the issue have stalled.

3.2.3 Payments

The Authority has paid to the contractor, KES 157,507,179.88 being balance of Advance Payment, and KES 172,492,820.00 being part payment for IPC No. 2 (KES 656,052,148.99) and is in touch with the National Treasury on clearing of the balance.

3.2.4 Programme of Works

The Contractor has submitted a Revised Programme and has requested extension of the date of completion to December 22nd 2022. the application is under review.

BRT CORE LINE 3

The line originates from Dandora Railway Station on Komarock Road through CBD to Hospitals on Ngong Road. The Development Partners have opted for a Design and Build Procurement for the project and have started the procurement process for a supervision consultant for Line 3. The Consultant will assist NaMATA with the procurement of a Design and Build contractor and supervision of the works.

STAKEHOLDER ENGAGEMENTS

Site visits

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

- The Authority has organized a series of stakeholder site visits to the Thika Road Pilot BRT Project beginning in January 2022 to March 2022.
- These take place every Friday commencing at Cianda House and covering the entire route of the BRT with stops for viewing and discussions.
- Four site visits have already been undertaken with more in the pipeline. The following stakeholder institutions have already visited the project:
 - Kenyatta National Hospital
 - Sports Kenya
 - Kenya Urban Roads Authority
 - Kenya Rural Roads Authority
 - ITDP
 - Kenya Railways Corporation
 - Federation of Public Transport Sector (FPTS)
 - NTSA
 - Kenya Power
 - National Construction Authority
 - Architectural Association of Kenya
 - NTU
 - State Department of Infrastructure
 - Kenya Police
 - University of Nairobi
 - State Department of Housing and Urban Development
 - State Department of Public Works
 - Kenyatta University
 - Technical University of Kenya
 - NMS
 - Materials Testing and Research Division (MRTD)

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

Stakeholder workshops

- The first stakeholder workshop was for the NMA County Transport Committees and it was scheduled for 3rd March 2022.
- The Federation of Public Transport Sector (FPTS) has held a series of meetings together with the technical advisors to prepare the Transport Service Contract (TSC) and finalise the structure of the Bus Operating Company (BOC) in preparation for the stakeholder workshops.



Ag. Director General – Nairobi Metropolitan Area Transport Authority

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

4. REVIEW OF NAMATA'S REGULATORY & NON – COMMERCIAL ENTERPRISE 'S PERFORMANCE FOR FY 2021/2022

The Key Result Areas/Strategic Focus Areas and corresponding strategic objectives and strategies are summarized in the table 3.2 and they are all on going.

Table 3. 1: Strategy Matrix

Key Result Areas	Strategic objectives	Activities
1. Transformation of Public Transport	1.1. To enhance mobility of people	1.1.1 Decongestion of NMA
		1.1.2 Improve Traffic management
		1.1.3 Integration of Public Transport and Land use planning
	1.2. Improve Safety and security of public transport	1.2.1 Improve public transport modes
		1.2.2 Enhance security of public transport
2. Environmental sustainability	2.1. To improve quality of life	2.1.1 Enhance traffic management
		2.1.2 Modal Substitution
		2.1.3 Fare Controls
	2.2. To protect the environment	2.2.1 Reduce Greenhouse Gas Emissions and air pollution
		2.2.2 Increasing green corridors
		2.2.3 Develop climate proof infrastructure
3. Financial Stewardship	3.1. To secure financial sustainability	3.1.1 Enhance mobilization of financial resources
	3.2. To ensure prudent and optimal utilization of resources	3.2.1 Strengthen internal control systems and procedures
4. Institutional Capacity	4.1. To attract and retain competent human capital	4.1.1 Establish an optimal staffing level
		4.1.2 Talent Acquisition
		4.1.3 Human Resource Development
		4.1.4 Performance Management
		4.1.5 Establish staff benefits and welfare programs
		4.1.6 Establish Conducive work environment
	4.2. To improve ICT service delivery.	4.2.1 Enhance Utilization of ICT
		4.2.2 Increase level of access to information
		4.2.3 Enhance cyber security
	4.3. Entrench Corporate Governance	4.3.1 Promote good Governance
		4.3.2 Compliance with legal and regulatory framework
		4.3.3 Enhancing NaMATA corporate image and visibility

5. CORPORATE GOVERNANCE STATEMENT

STATEMENT ON GOOD GOVERNANCE

The organization has adopted high standards and applies strict rules of conduct, based on the best corporate practices. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles: -

1. To observe high standards of ethical and moral behaviour;
2. To act in the best interests of the organization,
3. To remunerate and promote fairly and responsibly.
4. To recognize the legitimate interests of all stakeholders; and
5. To ensure that the organization acts as good corporate citizen.

In general, Board members shall act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the organization over other interests. They will act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

BOARD MEETINGS HELD AND ATTENDANCE LIST

The Authority's board has held three board meetings within the FY 2021/2022.

BOARD MEETING	ATTENDANCE
2 nd November 2021	<ol style="list-style-type: none"> 1. Eng. Peter Mositet 2. Mr. Mohammed Dagane 3. Mr. Alex Kilouwa 4. Ms. Naomi Mutie 5. Ms. Sarah Masaki 6. Mr. Joseph Mwaura 7. Eng. B.K. Njenga 8. Eng. Francis Gitau
21 st January 2022	<ol style="list-style-type: none"> 1. Eng. Peter Mositet 2. Mr. Mohammed Dagane 3. Mr. Alex Kilouwa 4. Ms. Naomi Mutie

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

	<ol style="list-style-type: none"> 5. Ms. Sarah Masaki 6. Mr. Joseph Mwaura 7. Eng. B.K. Njenga 8. Eng. Francis Gitau
5 th May 2022	<ol style="list-style-type: none"> 1. Eng. Peter Mositet 2. Mr. Mohammed Dagane 3. Mr. Alex Kilouwa 4. Ms. Naomi Mutie 5. Mr. Joseph Mwaura 6. Eng. B.K. Njenga 7. Eng. Francis Gitau 8. Mr. Festus Marangu

BOARD CHARTER

The Authority's Board of Directors Charter defends the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance.

The Charter helps the Board in directing the organization to maximize the long-term value of services provided for all stakeholders. It is therefore imperative for Board members to understand their individual and collective roles with the purpose of helping the organization fulfil its mandate.

The Charter has been adopted by the organization, acting in accordance with Mwongozo, Code of Governance for State Corporations, and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations. In particular, the principles and policies contained in the charter are in addition to and are not intended to change or interpret any statute, law or regulation.

The Board of Directors will review the Charter at least annually and, if appropriate, revise this Charter from time to time.

The Authority has an approved board charter dated 28th April 2020.

BOARD APPOINTMENTS & REMOVAL

A. Appointment of Board members

i. The relevant appointing authority shall select and appoint Board members. Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Board member:

- (a) Serves the appointing authority with a written notice of resignation; or
- (b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
- (c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
- (d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
- (e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

ii. Any removal of a Board member under (i) above, shall be through formal revocation.

iii. The Corporation Secretary will ensure that a record of the appointment letter, gazette notice and written acceptance by the Board member are kept in the personal file of the Board member.

B. Term Limits

Board members shall hold office for a period not exceeding three (3) years and are eligible for reappointment for one more term not exceeding three (3) years. A Board member may be appointed for a cumulative term not exceeding six (6) years. The renewal of a Board Member's tenure for a second term should be subject to an acceptable evaluation as determined during Board evaluation.

The appointing authority shall ensure staggering of Board appointments so that the respective expiry dates of the members terms fall at different time to ensure continuity.

C. Resignation from the Board

A Board member may resign at any time by giving notice, in writing, to the appointing authority, copies to the Chairperson of the Board and the Director General of the Authority. The resignation shall take effect upon receipt of notice by the appointing authority or at any later time specified therein; and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective

INDUCTION AND TRAINING

The Authority provides new Board members with an effective induction programme in order to familiarize them with their responsibilities as directors, general principles of corporate governance and Board practices. The

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

induction programme also provides the Board member with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics.

The Board ensures that a competence needs assessment is carried out periodically and an annual development plan is prepared to address identified gaps. In this regard, Board members are provided with access to, or notice of, continuing development programs that are designed to keep members abreast of the latest developments in sector best practice, corporate governance and critical issues relating to the operation of public sector boards.

A Board training plan for FY 2021/2022 was prepared however it was not effected due to lack of funds as a result of austerity measures undertaken by the National Treasury.

BOARD AND MEMBER PERFORMANCE

The Board conducts an annual evaluation to appraise its performance. This evaluation be carried out in accordance with the Board Evaluation Tool.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board also evaluates the performance of the CEO and Corporation Secretary. The Board undertook a Board Self Evaluation Exercise for the FY 2021/2022 with the support of the State Corporations Advisory Committee and in accordance with the Head of Public Service Circular No. OP/CAB.9/1A dated 11th March 2020.

CONFLICT OF INTEREST

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a Board member who identified an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Corporation Secretary records conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

BOARD REMUNERATION

Board members are remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

ETHICS & CONDUCT

In line with Section 3 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, the Board of Directors shall respect the values, principles and the requirements of the Constitution, including: -

1. The national values and principles provided for under Article 10 of the Constitution.
2. The rights and fundamental freedoms provided for under Chapter Four of the Constitution.
3. The responsibilities of leadership provided for under Article 73 of the Constitution.
4. The principles governing the conduct of State officers provided for under Article 99 (1) (b) and 193 (1) (b) of the Constitution.
5. The educational, ethical and moral requirements in accordance with Article 99 (1) (b) and 193 (1) (b) of the Constitution.
6. In the case of County Governments, the objectives of devolution provided for under Article 174 of the Constitution; and
7. The values and principles of Public Service as provided for under Article 232 of the Constitution.

GOVERNANCE AUDIT

The Board ensures that a governance audit of the organization is undertaken on an annual basis. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance.

The governance audit should cover the following parameters among others: -

- (a) Leadership and strategic management,
- (b) Transparency and disclosure.
- (c) Compliance with Laws and regulations.
- (d) Communication with stakeholders.
- (e) Board independence and governance.
- (f) Board systems and procedures.
- (g) Consistent shareholder and stakeholders' value enhancement; and

(h) Corporate social responsibility and investment.

The Authority did not conduct a governance audit in the FY 2021/2022 because of lack of funds due to austerity measures undertaken by the National Treasury.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance of the Authority.

BRT LINE 2 PILOT PROJECT

1.1. Design Works

Several designs (Intermediate stations, Kasarani Depot, perimeter wall etc.) have been submitted by the contractor and approved

1.2. Kasarani Depot

The Kasarani Depot is integrated into the Kasarani Sports Stadium and it includes:

- Offices
- Park and Ride (P+R) facilities
- Transfer facilities where commuters can move from matatus to buses
- Bus maintenance facility

Construction at the Kasarani depot is progressing well with ongoing works at the maintenance block, the administration block, the BRT platform and public toilet, the Park & Ride area and the Engineers laboratory, concreting of the foundations and ground beams and drainage & sewer works.

1.3. Ruiru Depot

Discussions between NaMATA and KRC which will inform the way forward on the proposed layout designs are ongoing.

The Ruiru BRT depot as proposed has been integrated into the Ruiru Commuter Rail (CR) Station. The terminus will include:

- Park and Ride (P+R) facilities
- Bus boarding Platform
- Bus maintenance facility
- Common ticketing area for both the BRT and CR systems.

The BRT buses will access the terminus via a proposed ramp that raises the buses from the median of the Thika Superhighway, over the Highway traffic and delivers them into the Station.

1.4. Footbridge and BRT station works

1.4.1. Intermediate Stations

The Intermediate Stations are designed on alternate sides of the footbridge to improve on efficiency in passenger movements during peak hours. The two directions have independent ticketing facilities and boarding platforms. An aerial view of the intermediate station is shown as Annex 3.

- I. At **Safari Park Station** construction of the BRT platform is well advanced as this is the model station that will be used as a baseline in the construction of the other stations. The steel structures for the staircase have been installed the concreting of the stairs has been done, installation of the roofing and railings is ongoing. For the platforms the foundations and steel structures are completed
- II. At **Githurai (Clay works) Footbridge**, the foundations and the staircase steel structures have been constructed.
- III. At **Kahawa Barracks Footbridge**, the foundations and the staircase steel structures have been constructed.
- IV. At **Kenyatta University Footbridge** the concrete foundation for staircases here has been completed.
- V. At **Kasarani Footbridge** the concrete foundation for staircases has been constructed.

1.5. CBD-KNH Section

The contractor has shared the proposed design from Globe area through CBD to KNH.

The Project Implementation Team is interrogating the designs in order to come up with a suitable solution.

As with the other terminals the KNH Terminus will include the following:

- Park and Ride (P+R) facilities
- Bus boarding Platform
- Bus maintenance facility

1.5.1 Bus Acquisition

NaMATA has held several meetings with the Public Private Partnership (PPP) Directorate at the National Treasury. This is after the decision was made to embrace Green Mobility and use electric buses.

The discussions revolved around bringing on board the private sector to supply the rolling stock and operations for the Pilot BRT Project.

A Technical Team has been formed comprising officers from NaMATA and PPP to prepare the proposal to be sent out next month to invite suppliers/ operators to supply and operate the buses. The target is to have operations on the first phase from Kasarani to Central Railways Stations (CRS) starting February 2022.

1.6. Stakeholder Engagements

1.6.1. Communication Strategy.

The Authority had rolled out a Communication Strategy that aimed at having a series of stakeholder engagements with the County Assemblies, the legislative assemblies, and other essential stakeholders. Due to the lockdown that was occasioned by the Covid 19 pandemic the Authority is reviewing the communication plan before it resumes once again.

1.6.2. Stakeholder site visits

The Authority had begun a series of stakeholder site visits at the end of January with the intention of appraising the Stakeholders about the project.

The Authority managed to take to site approximately 80 people from various institutions such as; *Kenyatta National Hospital, Federation of Public Transport Sector, Architectural Association of Kenya, State Department of Infrastructure, Sports Kenya, NTSA, NTU, Kenya Police, Kenya Urban Roads Authority, Kenya Power, University of Nairobi, Kenya Rural Roads Authority, National Construction Authority, State Department of Housing and Urban Development, ITDP, State Department of Public Works, Kenya Railways Corporation, Kenyatta University, NMS, Technical University of Kenya and MTRD.*

This initiative has been well received.

1. AFD TECHNICAL ASSISTANCE TO KR AND NAMATA

- French Government has also approved a grant of Euro 1.5 Million through AFD to support Kenya Railways and NaMATA in implementation of the public transport in Nairobi and the commuter rail master plan. The three components of the grant are:
 - a) Component I – Euro 900,000 – KR: CR Master plan implementation
 - b) Component II – Euro 370,000 – NaMATA: Public Transport Implementation
 - c) Component III- Euro 230,000 – NaMATA – CODATU: Coordination & Capacity Building;
- October 2020: the Kenya government and the French government signed grant agreement from AFD;
- December 2020: Implementation Agreement to bring CODATU on board was signed;
- Jan 12, 2021: Kick off meeting: Public Transport Technical Assistance Project;

Terms of reference for Component 1

- Support the institutional reforms of the railway system;
- Support for the implementation of CRMP;
- Support for commuter rail operations;
- Support for funding and financing mechanisms;
- Support for the implementation of integrated public transport;

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

- KRC capacity building;
- February 2021: Transamo Procured as the TA for commuter Rail Masterplan Implementation;
- 11 April 2021: Kick-off meeting for component 1

1.2 THE IMMEDIATE ACTION PLAN

Key Outputs

- Improved MGR Rail Tracks on critical section of the following lines:
 - (a) Nairobi Central Station to Nairobi Terminus
 - (b) Nairobi Central Station to Kikuyu
 - (c) Nairobi Central Station to Ruiru
 - (d) Nairobi Central Station to Embakasi Village
- Refurbished Nairobi Central Station
- Acquisition of 11 DMUs
- New DMU Based Service in Nairobi Central Station - Nairobi Terminus line and Embakasi Village
- New DMU Based Service in Nairobi Central Station to Ruiru line

Financial Implications

<i>Item</i>	<i>Description</i>	<i>Cost in Kenya Shillings</i>
1	Procurement of DMUs and Spare Parts	1.5 Billion
2	Civil Works	4.0 Billion
	TOTAL	5.5 Billion

1.3 OPERATIONS STRATEGY AT QUICK-WIN STAGE

- The Quick-Win Stage is expected to dedicate 4 DMUs to each make 1 round trip per hour from CBD to JKIA. The total passengers ferried per hour per direction will be 1200

The committee was also informed that:

- KRC have been doing both safety and economic regulation in railway services which is not desirable in the industry.
- That the Railway Bill that will set out the relationship between NAMATA and KRC is being reviewed by the Attorney General;

7. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile of the Authority -

	Sustainable Development Goals (SDG)	Role of NaMATA
1.	No Poverty	<ul style="list-style-type: none"> - Reduction of cost of transport - Increase of accessibility of resources and services
2.	Decent work and economic growth	<ul style="list-style-type: none"> - Increased productivity as a result of effective public transport system - Strategic location of NMA as regional business and transit hub
3.	Industry innovation and infrastructure	<ul style="list-style-type: none"> - Introduction of mass rapid transit, sustainable public transport and innovation
4.	Sustainable cities and communities	<ul style="list-style-type: none"> - Provision of effective, efficient and sustainable public transport to ever increasing urban population
5.	Climate Action	<ul style="list-style-type: none"> - By Provision of effective mass transportation leading to reduction of carbon emission - Usage of friendly fuel (euro 4) - Promotion of non-motorized transport

2. Environmental performance

The Following is the Authority's environmental sustainability policy:

1. Environmental sustainability	To improve quality of life	- Enhance traffic management
		- Modal Substitution
		- Fare Controls
	To protect the environment	- Reduce Greenhouse Gas Emissions and air pollution
- Increasing green corridors		

3. Employee welfare

The following is the Authority's hiring policy:

Institutional Capacity	To attract and retain competent human capital	- Establish an optimal staffing level
		- Talent Acquisition
		- Human Resource Development
		- Performance Management
		- Establish staff benefits and welfare programs
		- Establish Conducive work environment
		- Enhance Utilization of ICT

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

	To improve ICT service delivery.	- Increase level of access to information
		- Enhance cyber security
	Entrench Corporate Governance	- Promote good Governance
		- Compliance with legal and regulatory framework
		- Enhancing NaMATA corporate image and visibility

4. Market place practices-

The following are the Authority's guiding values in the market place:

Core Values	Description	Strategic Responses
1.0 Integrity	1.1 The Authority is committed to acting with honesty, fairness, accountability and transparency in all our operations	1.1.1 Sensitize staff on ethics and integrity issues 1.1.2 Implement public service integrity programs
2.0 Customer centric	2.1 The Authority is committed to meeting our stakeholder requirements to their satisfaction by ensuring effective and efficient use of resources. We shall also be committed to continual improvement of our products and processes.	2.1.1 Develop service charter 2.1.2 Establish customer care desks 2.1.3 Undertake customer satisfaction surveys and implement recommendations 2.1.4 Seek ISO certification
3.0 Innovative	3.1 The Authority endeavours to develop new products and services for our clients through continual learning and improvement	3.1.1 Benchmarking 3.1.2 Establish innovation hubs
4.0 Inclusivity	4.1 The Authority embraces diversity and promotes inclusiveness in the organization and does not discriminate on the basis of age, gender, race, religion, tribe or physical ability.	4.1.1 Become equal opportunity employer
5.0 Teamwork	5.1 The Authority promotes, respects unity of purpose among staff	5.1.1 Cultivate open communication 5.1.2 Clearly outline roles and responsibilities 5.1.3 Organize team processes 5.1.4 Allow team members to take part in decision-making 5.1.5 Mediate conflict quickly and efficiently 5.1.6 Recognize good work

5. Community Engagements-

The Authority procured 10 spray booths which was signed on 13th July 2020. On 7th August, 2020, which were to be distributed to the Counties within Nairobi Metropolitan to combat Covid 19.

8. REPORT OF THE DIRECTORS

The Directors submit their report together with the financial statements for the year ended June 30, 2022 which show the state of the Authority's affairs.

Principal activities

The principal activities of the entity are and continue to be:

Develop a sustainable integrated public transport strategy for the Metropolitan Area;

- Develop a sustainable urban mobility plan for the Metropolitan Area derived from the strategy;
- Formulate and oversee the development of a sustainable, evidentially based, Integrated Mass Rapid Transit System Strategy;
- Plan, regulate and co-ordinate the supply of adequate and effective Mass Rapid Transit System;
- Formulate and implement programmes and policies for the overall improvement of public transportation systems within the Metropolitan Area;
 - Provide an enabling environment for orderly and structured development of the mass transit system, including both bus rapid transit and commuter rail within the Metropolitan Area;
 - Coordinate with other government agencies and other parties for the development and operation of transport infrastructure, facilities and works necessary for the discharge of the functions of the Authority;
 - Develop an inventory and undertake continuous evaluation of the declared road network status within the Metropolitan Area;
 - Formulate strategies to ensure overall improvement in traffic flow, planned and programmed traffic engineering and traffic management works within the Metropolitan Area;
- Ensure optimal utilisation of intermodal means of transport including air, road, rail and non-motorised transport and any other modes targeting mass movement within the Metropolitan Area;
 - Assist in poverty alleviation by increasing economic efficiency through lower transport costs and prices within the Metropolitan Area;
 - improve the environmental sustainability of the transport system in the Metropolitan Area; (m) facilitate the integration of transport and land use planning in the Metropolitan Area;
 - Make better use of existing road space for all modes and reduce the need for the construction new roads within the Metropolitan Area;
 - Regulate both on street and off-street parking on declared corridors and impose fees and penalties with respect thereto;
 - Conduct studies and research for, amongst other things, identification of the Mass Rapid Transit System routes, corridors, network and service levels;
 - Develop appropriate and sustainable funding mechanisms in order to achieve the objectives of the Authority; and
 - Perform the any other functions vested upon the Authority under the Nairobi Metropolitan Area Transport Authority Order.

Directors

The members of the Board of Directors who served during the year are shown on page vii.

During the year Mr. James Maina (CEC in charge of Transport, Nairobi) was replaced by Eng. Samuel Mugo.

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For year ended June 30, 2022

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2021/2022) and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the *Nairobi Metropolitan Area Transport Authority (NAMATA)* in accordance with Article 229 of the Constitution of Kenya.

By Order of the Board


Corporation Secretary
Nairobi

Date 14/07/2023

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Order 18 of the Nairobi Metropolitan Area Transport Authority which require the Directors to prepare financial statements in respect of NAMATA, 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 for FY 2021/2022. 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.

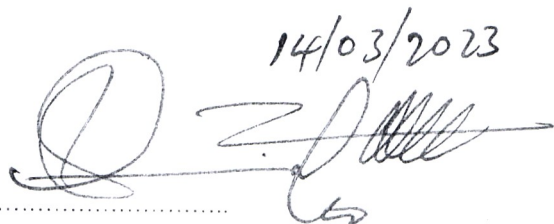
The Directors are responsible for the preparation and presentation of the NAMATA's financial statements, which give a true and fair view of the state of affairs of NAMATA for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate 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 entity; (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 NAMATA; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for NAMATA'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 the Nairobi Metropolitan Area Transport Authority Order, 2017. The Directors are of the opinion that NAMATA's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30, 2021, and of its financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for NAMATA, 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 a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The NAMATA financial statements were approved by the Board on _____ 2022 and signed on its behalf by:

14/03/2023


Chairperson of the Board



Ag. Director General

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nairobi Metropolitan Area Transport Authority set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, 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

Report of the Auditor-General on Nairobi Metropolitan Area Transport Authority for the year ended 30 June, 2022

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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of the Nairobi Metropolitan Area Transport Authority as at 30 June, 2022, 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 Public Finance Management Act, 2012 and the Nairobi Metropolitan Area Transport Authority Order, 2017.

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.2,899,441,137 and as disclosed at Note 15 to the financial statements . Included in the balance are additions during the year totalling Kshs.16,164,550. However, review of records provided revealed that the Authority procured assets totalling to Kshs.16,705,693 resulting in an unexplained variance of Kshs.541,143.

In the circumstances, the accuracy and completeness of the additions could not be confirmed.

2. Use of Goods and Services

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects use of goods and services amounting to Kshs.74,975,748. Review of the expenditure records revealed the following anomalies;

(i) Irregular Domestic Travel and Subsistence Expenditure

Disclosed in Note 7 to the financial statements is expenditure on domestic travel and subsistence allowance amounting to Kshs.30,905,076. The expenditure includes amounts totalling Kshs.7,443,400 and Kshs.3,400,400 incurred on facilitation of officers from the State Department for Housing and Urban Development and on a retreat of a Parliamentary Committee respectively. No explanation on why the expenditure was charged to the Authority yet the State Department and the Parliamentary Service Commission have respective allocated budgets to cater for their activities.

In addition, amounts totalling to Kshs.11,496,731 were paid to two officers on various dates and whose details on the nature of the activities undertaken were not provided.

In the circumstances, the accuracy and completeness of the domestic travel and subsistence expenditure amounting to Kshs.30,905,076 could not be confirmed.

(ii) Unsupported Foreign Travel and Subsistence Expenses

The expenditure on use of goods and services includes foreign travel and subsistence allowance of Kshs.4,336,714. However, review of the expenditure records revealed that expenditure amounting to Kshs.3,404,034 was incurred on purchase of air tickets. It is however, not clear where the respective foreign subsistence allowances were accounted.

In the circumstances, the accuracy and completeness of the foreign travel and subsistence expenditure could not be confirmed.

(iii) Irregular Hospitality Supplies and Services

Included in the use of goods and services expenditure is Kshs.11,053,210 in respect of hospitality supplies and services out of which amounts totalling Kshs.1,982,800 were in favour of officers from the for State Department for Housing and Urban Development on various dates for hospitality services. No explanation on why the expenditure was charged to the Authority yet the State Department has an allocated budget to cater for activities of its officers. In addition, amounts totalling to Kshs.1,999,220 were paid to an officer on various dates but whose details of activities undertaken were not provided.

In the circumstances, the accuracy and completeness of the hospitality supplies and services expenditure could not be confirmed.

3. Board Expenses

The statement of financial performance and Note 9 to the financial statements reflects Board expenses of Kshs.7,258,300. However, review of the expenditure revealed that an amount of Kshs.1,660,000 was in respect to expenses incurred in the financial year 2020/2021. No explanation was provided for the anomaly.

In the circumstances, the accuracy and completeness of Board expenditure of Kshs.7,258,300 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi Metropolitan Area Transport Authority 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 qualified opinion.

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. Unapproved Over Expenditure

The statement of comparison of budget and actual amounts reflects final recurrent expenditure budget and actual on comparable basis of Kshs.80,000,000 and Kshs.111,174,112 respectively resulting in an over-expenditure of Kshs.31,174,112 or 39% of the budget. Similarly, the Authority spent Kshs.2,491,693,105 on capital or development expenditure against an approved budget of Kshs.700,000,000 resulting to an over-expenditure of Kshs.1,791,693,105 or 256% of the budget. Management did not provide the approval for the over-expenditure of Kshs.1,822,867,217.

In the circumstances, Management was in breach of the law.

2. Anomalies in the Implementation of Bus Rapid Transport (BRT) Line 2 Project

The Authority Management awarded a contract on 6 July, 2020 to a local firm for the design and build of the twenty-seven (27) kilometres Bus Rapid Transit Line 2 on the Thika Superhighway Corridor from Ruiru to Kenyatta National Hospital at a contract price of Kshs.5,575,071,799.

The contract commenced on 4 August, 2020 for a period of 18 months with an original completion date of 4 February, 2022 which has since been extended to 15 September, 2023.

As at the time of audit in January, 2023, the total certified works amounted to Kshs.2,913,685,946 representing 52% of the contract sum out of which the contractor had been paid Kshs.1,001,876,795 or 34% of the certified amount. Due to the delays in payment for certified works the contractor abandoned works at all the sites for almost one year which resulted in the project falling behind schedule and the contractor was not on site.

Further, review of project records and physical verification of the project revealed the following anomalies;

- i. The project was to have three elevated U-turn ramps interchanges at Ruiru, Githurai and Kenyatta National Hospital. Although, the Authority developed bills of quantities and awarded the works, acquisition of land for the proposed sites for the ramps was not complete and no work had commenced on the three interchanges and U-turn ramps.
- ii. The project was to have modification on the existing ten footbridges. However, as at 1 March, 2023 the works had only began on five footbridges with completion status being below 20% on each of the five footbridges.
- iii. There was no project status report prepared in line with the project scope of works as detailed in the contract document.

In the circumstances, the project risks incurring additional unquantified cost in form of interest and penalties due failure to settle invoiced bills and value for money on resources already incurred on the project could not be confirmed.

3. Irregular Payment of Acting Allowances

The statement of financial performance reflects employee costs amounting to Kshs.23,542,883 as reflected in Note 8 to the financial statements. During the year under review, the Authority incurred Kshs.23,028,883 on acting allowances for staff deployed to the Authority in an acting capacity from the State Departments and the Counties within the Metropolitan Area. Most of these staff were deployed in the Authority in the year 2017 and therefore have been on acting capacity for over four (4) years contrary to the recommendation of Human Resource Policies and Procedures Manual for the Public Service, May, 2016 that stipulates that acting allowance should not be payable to an officer for more than six (6) months.

Further, the allowances paid as acting allowances to staff amounting to Kshs.23,542,883 were not subjected to income tax as required by Section 37 (1) of the Income Tax Act Cap 470 of the laws of Kenya that states that an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed.

In the circumstances, the Authority was in breach of the laid down regulations and the law.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2012, based on the audit procedures performed, except for the matters 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 overall governance were not effective.

Basis for Conclusion

1. Composition of the Board of Directors

Review of composition of the current Board of Directors indicates that it does not include three (3) independent persons who are to be appointed by virtue of their knowledge and experience in transport, law, intelligent transport systems, civil engineering, traffic engineering, economics, urban design, planning and management or any other relevant field as required by Section 8(1)(f) of the Nairobi Metropolitan Area Transport Authority Order, 2017.

In the circumstances, the overall governance and risk management practices may not be effective.

2. Operations and Management of the Authority

Although, the Authority has indicated that it has developed an integrated public transport strategy for the Metropolitan Area and a Strategic Plan as required by Section 5(1) and Section 7(d) of The Nairobi Metropolitan Area Transport Authority Order, 2017 respectively. These documents were not provided for audit review.

In the circumstances, it was not possible to confirm if the policy direction of the Authority were aligned with the goals, objectives and priorities of the Authority.

3. Failure to Automate Operations

Review of the Authority's operation environment and record keeping revealed that financial and accounting records are managed and maintained manually. Financial reports, ledgers, trial balance, budgets and financial statements were prepared manually which makes them prone to errors and manipulation. Further, there was no evidence of information protection or back up.

In the circumstances, the Authority's operating environment may not be effective in ensuring the accuracy and security of the records.

4. Failure to Update the Authority's Asset Register

Review of the asset register provided for audit revealed that assets procured during the period between 1 January, 2022 and 30 June, 2022 had not been updated. Further, the asset register did not include the assets' serial number(s) or tag number(s) for identification as required by the Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, the Authority's operating environment may not be effective in ensuring the control, accuracy and security of the assets.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance as to whether effective processes and systems of internal control, risk management and governance was maintained 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 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 overall governance.

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

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 overall 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 audit of compliance, I consider internal controls 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 May, 2023

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
 Annual Reports and Financial Statements
 For the year ended June 30, 2022

11. STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments—gifts and services-in-kind	6	780,000,000	42,000,000
Total revenue		780,000,000	42,000,000
Expenses			
Use of goods and Services	7	74,975,748	67,795,294
Employee costs	8	23,542,883	6,358,448
Board Expenses	9	7,258,300	2,935,000
Depreciation and Amortization Expense	10	12,075,117	5,894,585
Repairs and Maintenance	11	5,397,180	-
Total expenses		123,249,228	82,983,327
Surplus/(deficit)for the period		656,750,772	(40,983,327)
Attributable to:			
Surplus/(deficit)attributable to minority interest		-	-
Surplus/(deficit) attributable to owners of the controlling entity		656,750,772	(40,983,327)
		656,750,772	(40,983,327)

The notes set out on pages 6 to 26 form an integral part of these Financial Statements

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

12. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

Description	Notes	2021-2022	2020-2021
Assets		Kshs	Kshs
Current Assets			
Cash and Cash equivalents	12	4,580,513	28,160
Receivables from Non-Exchange Transactions	13	-	490,200
Inventories	14	37,225,420	-
Total Current Assets		41,805,933	518,360
Non-Current Assets			
Property, Plant and Equipment	15	2,899,441,137	417,683,755
Intangible Assets	16	8,557,576	-
Total Non- Current Assets		2,907,998,713	417,683,755
Total Assets		2,949,804,646	418,202,115
Liabilities			
Current Liabilities			
Trade and Other Payables	17	1,874,851,760	-
Total Current Liabilities		1,874,851,760	-
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities		1,874,851,760	-
Net Assets		1,074,952,886	418,202,115
Reserves		-	-
Accumulated Surplus		1,074,952,886	418,202,115
Capital Fund		-	-
Total Net Assets and Liabilities		1,074,952,886	418,202,115

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Board of Directors by:

Ag. Director General
Name:

Ag. Finance Manager

Name *Brian Kiprotich*
ICPAK Member no. *27647*

Chairperson of the Board
Name:

[Signature]

Date

Date

Date

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
 Annual Reports and Financial Statements
 For year ended June 30, 2022

13. STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 30 JUNE 2022

Description	Retained earnings	Capital Reserves	Total
	Kshs	Kshs	Kshs
At July 1, 2020	466,871,346	-	466,871,346
Surplus/(Deficit) for the Period	(40,983,327)	-	(40,983,327)
Prior Year adjustments	(7,685,904)		(7,685,904)
At June 30, 2021	418,202,115	-	418,202,115
At July 1, 2021	418,202,115	-	418,202,115
Surplus/(Deficit) for the Year	656,750,772	-	656,750,772
At June 30, 2022	1,074,952,886	-	1,074,952,886

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

14. STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2022

Description		2021-2022	2020-2021
	Notes	Kshs	Kshs
Cashflows from operating activities			
Receipts			
Transfers from other governments entities	6	780,000,000	42,000,000
Total receipts		780,000,000	42,000,000
Payments			
Use of goods and services	7	(74,975,748)	(67,795,294)
Employee costs	8	(23,542,883)	(6,358,448)
Board Expenses	9	(7,258,300)	(2,935,000)
Repairs and maintenance	11	(5,397,181)	-
Total payments		111,174,112	77,088,742
Adjustments for working capital		1,838,116,540	(378,280)
Net cashflows from/(used in)operating activities	18	2,506,942,428	(35,467,022)
Cash flows from investing activities			
Purchase of PPE	15	(2,491,693,105)	(417,713,500)
Purchase of Intangible assets	16	(10,696,970)	-
Net cashflows from/ (used in) investing activities		(2,502,390,075)	(417,713,500)
Cashflows from financing activities			
Proceeds from borrowings		-	-
Net cash flows from financing Activities		-	-
Net increase/(decrease)in cash and cash equivalents		4,552,353	(453,180,522)
Cash equivalents			
Cash and cash equivalents as at 1 July2021	12	28,160	453,208,682
Cash and cash equivalents as at 30 June 2022	12	4,580,513	28,160

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue						
Government grants and subsidies	780,000,000	-	780,000,000	780,000,000	-	100%
Other Income						
Total income	780,000,000	-	780,000,000	780,000,000	-	100%
Recurrent Expenses						
Use of goods and Services	22,636,000	-	22,636,000	74,975,748	(52,339,748)	331%
Employee Cost	45,976,000	-	45,976,000	23,542,883	22,433,117	51%
Board Expenses	8,000,000	-	8,000,000	7,258,300	741,700	91%
Repairs and Maintenance	3,388,000	-	3,388,000	5,397,181	(2,009,181)	159%
Total Recurrent expenditure	80,000,000	-	80,000,000	111,174,112	(31,174,112)	139%
Operating Surplus (Deficit) for the year	700,000,000	-	700,000,000	668,825,888	31,174,112	
Capital Expenditure						
Acquisition of PPE	700,000,000		700,000,000	2,491,693,105	(1,791,693,105)	356%
Total Capital Expenditure	700,000,000	-	700,000,000	2,491,693,105	(1,791,693,105)	
Net Expenditure	780,000,000	-	780,000,000	2,602,867,217	(1,822,867,217)	
Surplus/(Deficit) for the Year	-	-	-	(1,822,867,217)	1,822,867,217	

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

16. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

NAMATA is established by and derives its authority and accountability from the Nairobi Metropolitan Area Transport Authority Order, 2017. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is planning, managing and regulating Mass Rapid Transit Systems in Kenya.

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 the Authority's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

The financial statements have been prepared in accordance with the PFM Act and the Nairobi Metropolitan Area Transport Authority Order, 2017 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1 st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flow.
<p>Amendments to Other IPSAS resulting from IPSAS 41,</p>	<p>Applicable: 1st January 2022:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

Standard	Effective date and impact:
Financial Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

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.

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the 2020-2021 budget following the governing body's approval.

The entity'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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 1 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Taxes

Current income tax

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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

f) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

h) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

i) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cashflows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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 Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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 conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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 Entity.

j) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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.

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

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.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

The Entity 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Comparative figures

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

t) 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, 2022.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

• SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2021-22	2020-2021
	KShs	KShs			
			KShs	KShs	KShs
State department for Housing and Urban Development	780,000,000	-	-	780,000,000	42,000,000
State department for Public Works		-	-	-	-
Total	780,000,000	-	-	780,000,000	42,000,000

7 Use of goods and Services

Description	Item Code	2021-2022	2020-2021
		Kshs	KShs
Communication, supplies and services	2210200	1,747,799	180,000
Domestic travel and subsistence	2210300	30,905,076	4,565,975
Foreign travel and subsistence	2210400	4,336,714	740,320
Printing, advertising and information supplies & services	2210500	9,586,507	-
Rentals of Produced Assets	2210600	98,400	-
Training expenses	2210700	505,300	1,121,000

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

Hospitality supplies and services	2210800	11,053,210	1,182,500
Specialised Materials and Supp	2211000	-	5,857,500
Office general supplies and services	2211100	13,346,510	54,101,133
Fuel Oil and Lubricants	2211200	25,000	20,000
Bank service commission and Charges	2211300	46,043	-
Contracted guards and cleaning services	2211300	1,980,189	26,866
Membership Fees, Dues and Subscriptions	2211300	15,000	-
Legal dues/Fees, Arbitration and compensation	2211300	130,000	-
Audit Fees		1,200,000	-
Total		74,975,748	67,795,294

8 Employee Costs

Description	Item Code	2021-2022	2020-2021
		KShs	KShs
Basic Wages - Temporary Employees	2110200	1,954,000	435,000
Personal Allowances paid as part of Salary	2110300	21,588,883	5,923,448
Total		23,542,883	6,358,448

9 Board Expenses

Description	Item Code	2021-2022	2020-2021
		KShs	KShs
Board Allowances	2210809	7,258,300	2,935,000
Total		7,258,300	2,935,000

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

10 Depreciation and Amortization Expense

Description	Item Code	2021-2022	2020-2021
		KShs	KShs
Property, plant and equipment		9,935,723	5,894,585
Intangible assets		2,139,394	-
Total depreciation and amortization		12,075,117	5,894,585

11 Repairs and Maintenance

Description	Item Code	2021-2022	2020-2021
		KShs	KShs
Maintenance of office Furniture and equipment	2220200	4,535,848	-
Maintenance of building & stations	2220200	861,332	-
		-	-
Total depreciation and amortization		5,397,180	-

12 Cash and Cash Equivalents

Description	Item Code	2021-2022	2020-2021
		KShs	KShs
Current account	6570000	4,580,513	28,160
Others(specify)			-
Total cash and cash equivalents		4,580,513	28,160

12a Detailed Analysis Of The Cash And Cash Equivalents

		2021-2022	2020-2021
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1241411352	4,580,513	28,160
Sub- total		4,580,513	28,160
b) Others(specify)			
cash in hand			-
Sub- total			-
Grand total		4,580,513	28,160

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
 Annual Reports and Financial Statements
 For the year ended June 30, 2022

13 Receivables from Non-Exchange Transactions

Description	Item Code	2021-2022	2020-2021
		KShs	KShs
Current receivables			
Outstanding Imprests	6760100	-	490,200
Total current receivables		-	490,200

13a Outstanding Imprest Register

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2022
	Kshs		Kshs	Kshs
	a		b	c=a-b
				-
Solomon Mankwili David	-			-
				-

14 Inventories

Description	Item Code	2021-2022	2020-2021
		KShs	KShs
Consumable stores		37,225,420	-
Total		37,225,420	-

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Property, Plant and Equipment

Particulars	Work in progress	Computers	Furniture and Fittings	Total
	Kshs	Kshs	Kshs	Kshs
COST				
Opening balance as at 1st July 2021	400,000,000	7,919,840	15,658,500	423,578,340
Additions	2,475,528,555	12,894,130	3,270,420	2,491,693,105
Disposals				
Closing balance 30th June 2022	2,875,528,555	20,813,970	18,928,920	2,915,271,445
DEPRECIATION AND IMPAIRMENT Amortization and impairment	0%	25%	25%	
Opening balance as at 1st July 2021	-	1,979,960	3,914,625	5,894,585
Depreciation for the FY year	-	5,203,493	4,732,230	9,935,723
Closing balance 30th June 2022	-	7,183,453	8,646,855	15,830,308
NET BOOK VALUE				
As at 30th June 2022	2,875,528,555	13,630,517	10,282,065	2,899,441,137
As at 30th June 2021	400,000,000	5,939,880	11,743,875	417,683,755

16 Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
COST		
At beginning of the year	-	-
Additions	10,696,970	-
At end of the year	10,696,970	-
AMORTIZATION AND IMPAIRMENT	20%	
At beginning of the year	-	-
Amortization	2,139,394	-
At end of the year	2,139,394	-
NET BOOK VALUE AS AT END OF YEAR	8,557,576	-

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
 Annual Reports and Financial Statements
 For the year ended June 30, 2022

17 Trade and Other Payables

Description	Item Code	2021-2022	2020-2021
		KShs	KShs
Trade payables		1,849,277,119	-
Retention		24,374,641	-
Provision for Audit Fees		1,200,000	-
Total		1,874,851,760	-

18 Cash Generated from Operations

Description	Item Code	2021-2022	2020-2021
		KShs	KShs
Working Capital adjustments			
Increase in inventory		(37,225,420)	-
Decrease/(Increase) in receivables		490,200	(378,280)
Increase (Decrease) in payables		1,874,851,760	-
Net cash flow from operating activities		1,838,116,540	(378,280)

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

19 Events After the Reporting Period

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

20 Ultimate and Holding Entity


The entity is a Semi- Autonomous Government Agency under the Ministry of Transport, Infrastructure, public works, Housing and Urban Development . Its ultimate parent is the Government of Kenya.

21 Currency

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

22 Progress on Follow Up on Auditors Recommendations.

The imprest of Kshs. 490,200 that was outstanding as at 30th June, 2021 was surrendered as recommended by the auditor according to the Public Finance Management (National Government) Regulations 2015



GEO Signature



Head of Accounts

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

22 APPENDICES

APPENDIX I: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
The Design And Build Project For The Bus Rapid Transit(Brt)Facilities On Thika Superhighway		N/A	22 MONTHS	N/A	NO	YES

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost (KES)	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	The Design And Build Project For The Bus Rapid Transit(BRT)Facilities On Thika Superhighway	5,575,071,799	1,001,876,795	56%	700,000,000	400,000,000	GOK

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the year ended June 30, 2022

APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:		THE NAIROBI AREA TRANSPORT AUTHORITY (NaMATA)		
Breakdown of Transfers from the State Department of Housing and Urban Development				
PERIOD 2021-2022				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		27/08/2021	20,000,000	FY 2021/2022
		04/01/2022	20,000,000	FY 2021/2022
		12/04/2022	20,000,000	FY 2021/2022
		02/05/2022	20,000,000	FY 2021/2022
		Total	80,000,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		25/08/2021	350,000,000	FY 2021/2022
		29/09/2021	350,000,000	FY 2021/2022
		Total	700,000,000-	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	-	

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

Ag.C.E.O

Ag. Finance Manager

Sign 


Sign-

THE NAIROBI AREA TRANSPORT AUTHORITY (NaMATA)
Annual Reports and Financial Statements
For the period ended June 30, 2022

APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State department of Housing and Urban Development	25/08/2021	Development	350,000,000	350,000,000	-	-	-	-	350,000,000
State department of Housing and Urban Development	27/08/2021	Recurrent	20,000,000.	20,000,000.	-	-	-	-	20,000,000.
State department of Housing and Urban Development	29/09/2021	Development	350,000,000	350,000,000	-	-	-	-	350,000,000
State department of Housing and Urban Development	04/01/2022	Recurrent	20,000,000	20,000,000	-	-	-	-	20,000,000
State department of Housing and Urban Development	12/04/2022	Recurrent	20,000,000	20,000,000	-	-	-	-	20,000,000
State department of Housing and Urban Development	02/05/2022	Recurrent	20,000,000.	20,000,000.	-	-	-	-	20,000,000.
Total			780,000,000	780,000,000	-	-	-	-	780,000,000

