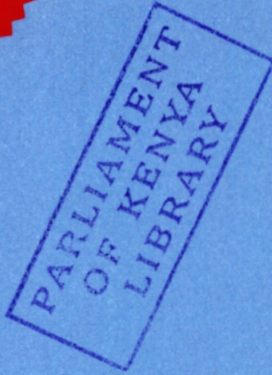


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 05 DEC 2024

DAY:
Thursday

REPORT

BY:

Hon. Kimani Ichung'wah
(Leader of the Majority Party)

CLERK-AT
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OF

THE AUDITOR-GENERAL

ON

**UPGRADING OF KIBWEZI-MUTOMO-KITUI-
MIGWANI ROAD PROJECT NO. BLA2016K001**

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

KENYA NATIONAL HIGHWAYS AUTHORITY



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30684 - 00100, NAIROBI
REGISTRY
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MINISTRY OF ROADS AND TRANSPORT



Kenya National Highways Authority

Quality Highways, Better Connections

PROJECT NAME: KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT

IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY

PROJECT LOAN NO: CHINA EXIMBANK (CONTRACT NO. BLA2016K001)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
CPA	Certified Public Accountant
EIK	Environment Institute of Kenya
EXIM	Export – Import
FY	Financial Year
GK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IHRM	Institute of Human Resource Management
IPSAS	International Public Sector Accounting Standards
KeNHA	Kenya National Highways Authority
KISM	Kenya Institute of Supplies Management
Kshs.	Kenya Shillings
LSK	Law Society of Kenya
MRT	Ministry of Roads and Transport
NEMA	National Environment Management Authority
NLC	National Land Commission
PAP	Project Affected Persons
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
RMB	Renminbi
SDG	Sustainable Development Goals
TNT	National Treasury
UA	Unit of Account
USD	United States Dollar

2. Project Information and Overall Performance**2.1 Name and registered office**

Project Name	Kibwezi – Mutomo – Kitui Road Project
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Project Objectives	The loan will contribute to improve the accessibility, affordability and reliability of the transport infrastructure system to promote economic growth and socio-economic development in Kenya.
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Project Registered Office and Physical Location:	The project headquarters offices are at Barabara Plaza, Jomo Kenyatta International Airport, Nairobi, Off Mazao Road
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Project Address	P.O. Box 49712-00100, Nairobi
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Contacts:	Telephone: 020-8013842; Email dg@kenha.co.ke; Website www.kenha.co.ke
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2.2 Project Information

Project Start Date:	28 th November 2016
Project End Date:	14th May 2022
Project Management:	Eng. Henry Gakuru – Director, Development Eng. S. Ogege – Project Engineer.
Project Sponsor:	The Export – Import Bank of China and the Government of Kenya

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department of Roads under the Ministry of Roads and Transport
Project number	N/A
Strategic goals of the Project	<p>i)Improvement of socio-economic status of Makueni and Kitui counties and the whole country at large.</p> <p>(ii)The road project will link Kitui and other counties and help boost tourism, mineral exploitation and transportation of agricultural produce and link the region to the Mombasa Port.</p> <p>(iii)Reduction of travel time and vehicle and vehicle maintenance and operation costs.</p> <p>(iv) The project (as part of the Mombasa – Isiolo-Addis Ababa Road Transportation Corridor) will strengthen and boost regional trade between Kenya, Ethiopia and South Sudan.</p> <p>(v) Strengthen the Connection between Kenya’s three main regional transport corridors: Northern Corridor (A8), the Kenya – Ethiopia Corridor (A2) and Thika – Garissa - Liboi (A3)</p>

Project Information and Overall Performance (continued)

Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through implementation of the project in timely, efficient and effective manner		
Other important background information of the project	PROJECT COMPONENTS AND COSTS - LOAN		
	USD		
	Base Rate	Foreign Exchange Cost	Total Cost
	%	USD	(USD)
A. Civil Works			
Kibwezi – Mutomo - Kitui	85%	194,740,598.46	194,740,598.46
TOTAL		194,740,598.46	194,740,598.46
	Contract No. KeNHA/1469/2016 – Sinohydro Corporation Ltd at the revised Contract sum of Kshs 21,545,912,342.94		
	The project is financed by Republic of China through The Export – Import Bank of China at 85% on Civil Works Construction inclusive of works consultancy supervision while 15% is financed by the Government of Kenya.		
	<p>Project Background: -</p> <p>In January 2011, the Government of Kenya (GK) and Messrs Sinohydro Corporation of China entered into a commercial contract for upgrading of the Kibwezi – Mutomo-Kitui road as a precondition for receiving financing from the Export – Import Bank of China.</p>		
	<p>In September 2016, the Government and Contractor, Sinohydro Corporation agreed on a 42-Month Contract to execute a revised scope of works as follows:</p>		
	<ul style="list-style-type: none"> a) Engineering, procurement and Construction of Kibwezi – Kitui (145Kms) Road; b) Engineering, Procurement and Construction of Kabati – Migwani direction (16.7 Kms); c) Related Township Road Kibwezi Township Roads (3Kms), Ikutha Township Roads (3Kms), Mutomo Township Roads and Kitui Township Roads (8Kms) d) Kibwezi and Kitui Interchanges e) Rehabilitation of the Kitui –Kabati Road (12Kms) f) Kibwezi and Kitui Road Social Ammenities 		

Project Information and Overall Performance (continued)

Areas that the Project was formed to intervene	The project was formed to intervene in the following areas: Upgrading to bitumen standard the Kibwezi-Mutomo-Kitui-Kabati-Migwani (A9/B64) Road is part of the Northern Corridor Transport Improvement Project. It will cater for through traffic from Mombasa via Kibwezi to Moyale and into Ethiopia on a friendly direct alignment with less steep slopes and reduces travel time by avoiding the need to pass through Nairobi. The sections from Isiolo to Marsabit and Moyale were recently completed and that between Kibwezi and Isiolo is the missing link of which the project road forms the first section.
Project duration	The project financing agreement started on 28th November 2016 and ended on 14 May 2022

2.4 Bankers

The following are the bankers for the project:

- i) Co-operative Bank of Kenya Ltd
Upper Hill Branch, Nairobi
Account Number: 01141160979900
- ii) National Bank of Kenya
Hill Park Branch, Nairobi
Account Number: 0100132733200

2.5 Independent Auditor

The Project is audited by:

The Auditor General

Office of the Auditor - General

P.O. Box 30084 – 00100 GPO, Nairobi

2.6 Roles and Responsibilities

No.	Names	Title Designation	Key qualification	Responsibilities
1	Eng. Henry Gakuru	Director, Development	Registered Engineer	Project Implementing Team Leader
2	Eng. Samuel Ogege	DD – Special Projects	Registered Engineer	Project Co-ordinator
3	Mr. W. Nyatwanga	DD (Environmental & Social)	Registered Environmental Specialist	Safeguard Specialist
4	CPA. Chanje Kera	DD – Finance & Accounts	Certified Public Accountant	Project Financial Management Specialist
5	Ms. Norah Odingo	Corporation Secretary / Deputy Director Legal Services	Member of LSK Advocate of the High Court of Kenya	Project Legal Specialist
6	Mr. Richard Kilel	AD – Supply Chain Services	Registered Member KISM	Project Procurement Specialist
7	Ms. Matilda Mwangi	Assistant Director, Human Resource Management	Registered Member IHRM	Project Human Resources Specialist

Project Information and Overall Performance (continued)

2.7 Funding summary

The project was for duration of five and half years with an approved loan of USD 194,740,598.46 equivalent to Kshs. 15,644,154,918 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitments		Amount received to date		Undrawn balance to date*	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') – (B')
(i) Loan						
China Exim Bank	194,740,598	15,644,154,921	194,156,377	15,597,222,456	584,222	46,932,465
(ii) Counterpart Funds	-	9,429,914,473	-	3,739,189,798	-	5,690,724,675
Total	194,740,598	25,074,069,394	194,156,377	19,336,412,254	584,222	5,737,657,140

*The undrawn balance from the Development Partner was not utilized since the finance agreement lapsed in FY 2021/22 prior to project completion.

Note: - Contract Exchange rate to USD is Kshs. 80.3333.

The counterpart component costs include the cost of land acquisition, relocation of services and project operating costs hence exceeding the amount of USD 34,365,987.96 (Kshs 2,760,733,220.85 equivalent) stated in the loan agreement.

B. Application of Funds

Application of Funds	Amount received to 30th June 2024		Cumulative Amount paid to 30th June 2024		Unutilized balance to date	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') – (B')
(i) Loan						
China Exim Bank	194,156,377	15,597,222,456	194,156,377	15,597,222,456	-	-
(ii) Counterpart Funds	-	3,739,189,798	-	3,718,723,616	-	20,466,182
Total	194,156,377	19,336,412,254	194,156,377	19,315,946,072	-	20,466,182

Project Information and Overall Performance (continued)

2.8 Summary of Overall Project Performance:

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

	FY 2023/2024			Cumulative		
	Actual	Budget	%	Actual	Budget	%
Counterpart Funds - Gok	115,376,930	125,258,930	92%	3,718,723,616	3,854,839,206	96%
Loan from External Development Partners	-	-	-	15,597,222,456	18,530,000,000	84%
Total	115,376,930	125,258,930	92%	19,315,946,072	22,384,839,206	86%

ii) Physical progress based on outputs, outcome and impacts since project commencement. The project physical progress is 99.9% of original scope and 29.6% for Addendum No. 3 Works

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

Financial Year	Budget	Actual	Percentage (%)
FY 2023/24	125,258,930	115,376,930	92%
FY 2022/23	178,569,276	167,985,094	94%
FY 2021/22	490,000,000	43,718,465	9%
FY 2020/21	2,465,910,929	2,447,749,803	99%
FY 2019/20	6,992,325,635	5,861,085,986	84%
FY 2018/19	3,095,011,144	3,067,888,083	99%
FY 2017/18	2,153,125,000	2,079,270,943	97%
FY 2016/17	6,884,638,292	5,532,870,768	80%
TOTAL	22,384,839,206	19,315,946,072	86%

iv) Project Implementation Challenges

The main project implementation challenge is the lack of adequate GK funding arising from low GK counterpart budgetary provisions for timely settlement of the GK counterpart project costs. It is recommended that the Government provides adequate budgetary provisions for all projects in order to facilitate smooth projects implementation.

2.9 Summary of Project compliance: -

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

3. Statement of Performance Against Project’s Predetermined Objectives

Introduction

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

The key development objectives of the project’s agreement/ plan are to:

- a) Improvement of socio-economic status of Makueni and Kitui counties and the whole country at large.
- b) The road project will link Kitui and other counties and help boost tourism, mineral exploitation and transportation of agricultural produce and link the region to the Mombasa Port.
- c) Reduction of travel time and vehicle and vehicle maintenance and operation costs.
- d) The project (as part of the Mombasa – Isiolo-Addis Ababa Road Transportation Corridor) will strengthen and boost regional trade between Kenya, Ethiopia and South Sudan)
- f) Strengthen the Connection between Kenya’s three main regional transport corridors: Northern Corridor (A8), the Kenya – Ethiopia Corridor (A2) and Thika – Garissa - Liboi (A3)

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

Below, we provide the progress on attaining the stated objectives:

Objective	Outcome	Indicator	Performance
Improvement of socio-economic status of Makueni and Kitui counties and the whole country at large	Improved socio-economic status of the two counties and the whole country at large	Socio Economic Status	Completion of 99.9% of the original scope and 29.6% of addendum No. 03 of the Road Project has contributed towards improvement of socio-economic status through job creation, trade facilitation and promotion of tourism
The project road will link Kitui and other counties and help boost tourism, mineral exploitation and transportation of agricultural produce, and link the region to the Mombasa Port.	Improved level of tourism, mineral exploitation and economic activities at large	Level of Economic Activity	Completion of 99.9% of the original scope and 29.6% of addendum No. 03 of the Road Project has contributed towards improving the level of economic activity through job creation, trade facilitation and promotion of tourism

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Objective	Outcome	Indicator	Performance
Reduction of travel time and vehicle and vehicle maintenance and operation costs.	Reduced travel time and vehicle and vehicle maintenance and operation costs.	Reduced Travel Time	201.71 Kms of the project (191.71 of original scope and 10 Kms Addendum 3) is completed, hence significantly reducing the travel time
Strengthen and boost regional trade between Kenya, Ethiopia and South Sudan)	Improved regional trade between Kenya, Ethiopia and South Sudan	Volume of trade between the three countries	201.71 Kms of the project (191.71 of original scope and 10 Kms Addendum 3) is completed, hence significantly strengthening trade between the three neighbouring countries
Strengthen the Connection between Kenya's three main regional transport corridors: Northern Corridor (A8), the Kenya – Ethiopia Corridor (A2) and Thika – Garissa - Liboi (A3)	Improved connection between the road corridors	Ease of connection between the road corridors	201.71 Kms of the project (191.71 of original scope and 10 Kms Addendum 3) is completed, hence facilitating the ease of connection between the road corridors

4. Environmental and Sustainability reporting

The Kibwezi – Mutomo – Kitui – Migwani Road Project exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

i) Sustainability strategy and profile

Sustainable Development Goals (SDGs) 2015-2030 provides a plan of action for the attainment of peace and prosperity. Five out of the seventeen goals are pertinent to management of projects being undertaken by the Authority. These are being addressed through the following initiatives;

- a) *Good health and well-being (SDG 3)*: The Authority strives to undertake Road Safety Audits to identify accident black spots, implement intervention measures and provide road safety education to reduce accidents;
- b) *Gender Equality (SDG 5)*: The Authority encourages mainstreaming of gender equality in project and programmes by incorporating compliance to one third gender rule in procurement and recruitment;
- c) *Industry, innovation and infrastructure (SDG 9)*: The Authority develops quality , reliable, sustainable and resilient infrastructure including regional and trans-border infrastructure to support economic development and human wellbeing with a focus on affordable and equitable access for all;
- d) *Sustainable cities and communities (SDG 11)*: The Authority endeavours to extend the paved road network to hitherto underserved areas in the region to improve nationwide access to high speed and all – weather connectivity; and
- e) *Climate action (SDG 13)*: The Authority endeavours to combat negative impacts of road development through environmental mitigation, climate change measures and compliance with National Environment Management Authority (NEMA) requirements in all development projects

ii) Environmental performance

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

Management Plan (ESMPs) as well as Environmental Social Impact Assessment (ESIA) on projects.

Environmental and Sustainability reporting (continued)

iii) Employee welfare

In all its staff appointments, the Authority takes deliberate actions to embrace Equal Employment Opportunity policies, gender mainstreaming, addresses concerns around Persons Living with Disabilities (PWDs) and takes affirmative action in line with prevailing Government Policy guidelines. The Authority prioritizes training to develop technical capacity of staff in the fields of Value Engineering, Project Financing, Project Contract Management, Performance Based Maintenance and Safety.

iv) Market place practices

The Authority strives to ensure responsible competition practices through undertaking annual governance audits in projects, monitoring the implementation of policies and further promotes ethical conduct in projects. The Authority equally sensitizes staff on corruption and integrity. The Authority undertakes to be actively involved in the negotiations during budget sector hearings in order to increase budgetary allocations for projects thus honouring contracts by paying its liabilities on time.

v) Community Engagements

During the implementation of the Project, the Authority is committed to remaining a responsible corporate citizen by being accountable for its actions through engaging in Public Participation. The Project's goal in terms of community engagement is to ensure that the projects foster long-term relationships with stakeholders and communities around the project. The aim is not just to build roads that foster development but to ensure collaboration with the local communities to achieve sustainable development. The project staff is also encouraged to give back to society by participating in the Authority's corporate social responsibility projects.

The Contractor has been involved in various CSR activities geared towards providing social amenities to the local residents through drilling of boreholes and construction of water kiosks along the project road, improvement of access roads and enhancing learning and playing environment in schools along the project road. To enhance social safeguards in projects, the Authority undertakes Resettlement Action Plan (RAP) studies and implements its recommendations, carries out Social Impact Assessments (SIA), undertakes gender mainstreaming and conduct stakeholders' forum to sensitize the public in several cross cutting issues.

Environmental and Sustainability reporting (continued)

Some of the CSR Activities undertaken by the project includes:

S. No.	Organization/ Beneficiary	Nature of CSR	Amount (KES)
1	Kibwezi University	Levelling the yard for Kibwezi University	205,000
2	Kibwezi DCC Office	Construction of parking area with AC finishing	2,230,000
3	Mutomo Community at km	Grading and repairing of road and construction of Culvert	215,000
4	Kyoani Community at km	Improved existing dam and excavated new Wells	1,288,500
5	Kanza Community, Mutomo,	Improvement of existing dam	330,000
6	Local Community at km	Grading and maintenance of existing road to waterpoint	205,000
7	Atongoi Pri. School, km	Cement and steel and levelling playground	254,800
8	Mutuni Community at km	Repair of existing road and construction of underground tank	1,272,800
9	UAE Sec. School at km	Grading and levelling of playing ground	203,000
10	Mutomo DCC Office	Grading and levelling of existing road	203,000
11	Local community at km	Construction of water dam for local community	780,000
12	Community at km	Construction of an earth dam	880,000
13	Community at km +	Construction of earth dam	1,180,000
14	Kwakilui Primary School	Set up road sign & bump and road construction for school	200,000
15	Km School	Erection of 700m fence for the school	600,000
16	Migwani Town	Grading and levelling of existing road and	300,000
17	km Quarry community	Grading and levelling of existing road (6 km)	200,000
18	Kwa-Kilui to Ilika Kambi Rd	Grading and levelling of existing road	6,000,000
19	Kwa Toma-Nzeeu River Road	Grading and levelling of existing road	1,000,000
20	Road from Nguuni Market	Grading and levelling of existing road	300,000
21	Ikutha Town	Construction Ikutha bus parking	6,637,026
22	Athi campsite	Water supply system	3,600,000
23	Ikutha Training center	Grading and levelling of existing compound	270,000
24	Kitui County Crusher Site	Bush Clearing and ground Levelling	270,000
25	Kwa Kilui Dispensary	Construction of Access Road	270,000
26	Kwa-Kilui / Nguziu Borehole	Drilling, Casing and Equipping of the Borehole	2,225,000
27	Kwa Kethi – Mosa Borehole	Drilling, casing and equipping of the borehole	2,250,000
28	Kisasi – Kavisuni Road	Levelling and grading of the road section	4,338,380
29	Kyangi - Kwa Vonza Road	Repair and levelling, bumps and road signs	5,900,197
30	Kwa Vonza Jun-Mulutu Road	Repair and levelling, bumps and road signs	6,832,949
31	Kabati Borehole	Drilling, Casing and Equipping of Borehole	2,250,000
32	Tulia Earth dam	Construction of a 10,000 m3 dam at Tulia	50,000,000
33	Kitui Central- Majengo and Town	Grading of access road, bush clearing and desilting of Kalundu Dam	2,000,000
34	Chuluni-Nzambani Road Jntn.	Repair and levelling	200,000
35	Ithookwe Primary School	Construction materials of toilet and fence	210,000
36	Unyaa Primary School	Construction pump house and water house	540,000
37	Maselele Primary School	Fencing with Chain link and Angle line posts	600,000
38	Mutendea Community	Construction of the dam	1,350,000
39	Kitui St. John Eudes Centre	Access road to St. John Eudes Rehab. Centre	800,000
40	AIC Mutonguni Girls Sec.Sch.	Backfilling and levelling the on the school dormitory	200,000
41	Repair of the existing road from Kwa Kilui Crusher to Mulutu	Graveling, Levelling, trimming and compaction of the existing road	1,246,859
	Total Amount (KES)		109,837,510

5. Statement of Project Management Responsibilities

The Director General, KeNHA and the Project Implementing Team Leader are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the project for the financial year ended June 30, 2024. This responsibility includes (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

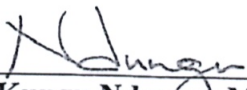
The Director General, KeNHA and the Project Implementing Team Leader accept responsibility for the project's Financial Statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with the International Public Sector Accounting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

The Director General, KeNHA and Project Implementing Team Leader are of the opinion that the Project financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June, 30, 2024 and the Project's financial position as at that date. The Director General, KeNHA and the Project Implementing Team Leader further confirm that completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial Statements as well as on the adequacy of the systems of internal financial control.

The Director General, KeNHA and the Project Implementing Team Leader confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit are used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements


The project financial statements were approved by the Director General, KeNHA and Project Implementing Team Leader on 10 SEP 2024 and signed by:



Eng. Kungu Ndungu, MBS
Director General



Eng. Henry Gakuru
Director, Development



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

REPUBLIC OF KENYA



Enhancing Accountability

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Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON UPGRADING OF KIBWEZI-MUTOMO-KITUI-MIGWANI ROAD PROJECT NO. BLA2016K001 FOR THE YEAR ENDED 30 JUNE, 2024 - KENYA NATIONAL HIGHWAYS AUTHORITY

PREAMBLE

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

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

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

The Unmodified Opinion on the report on the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the Effectiveness of Internal Controls, Risk Management and Governance.

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

Report of the Auditor-General on Upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project No. BLA2016K001 for the year ended 30 June, 2024 - Kenya National Highways Authority

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project set out on pages 1 to 23, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 and comply with the Loan Agreement No. BLA2016K001 dated 28 November, 2016 between the Export-Import Bank of China and the Government of the Republic of Kenya.

Basis for Opinion

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

Emphasis of Matter

Long Outstanding Account Payables

Note 10 to the financial statements discloses payables balance of Kshs.3,706,110,153 which comprise of additions for the year and payments during the year balance of Kshs.437,071,686 and Kshs.115,376,930 respectively. Further, the total payables balance of supply of services reduced from a balance of Kshs.75,016,624 in the previous year to Kshs.66,516,624 representing a reduction of Kshs.8,651,200 or 12%. The Authority has not provided an explanation on the measures put in place to facilitate payments of the outstanding certificates which have been raised for works done and the accrued interest if any, arising from delayed payments. The Project is at risk of incurring additional interest costs due to continued delay in settlement of outstanding payables.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not provided an explanation of how the issues were resolved.

Other Information

The Management is responsible for the other information set out on page ii to xiii which comprise of Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

In connection with my audit on the Upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project Management financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

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. Non-Compliance with Public Procurement and Asset Disposal Act, 2015

Review of records show that KENHA on the 28 April, 2021 executed Addendum 3 of the contract for Kibwezi-Mutomo-Kitui Road Contract No.KeNHA 1469/2016 with

a foreign contractor which varied upwards the project cost by an amount of Kshs.3,141,024,204 thereby revising the total contract sum from a balance of Kshs.18,404,888,139 to Kshs.21,545,912,343.

The entire variation amount was to be funded by the Government of Kenya and paid in Kenya shilings. The revised scope of works included construction of 29.52Km section from end of Kibwezi-Mutomo-Kitui-Migwani Section to Mbondoni (Junction with A3 Road).

Management has not explained why it carried out an upward variation of the contract for the upgrade of Kibwezi-Mutomo-Kitui-Migwani Section by an amount of Kshs.3,141,024,204 to Mbondoni without express authority of The National Treasury contrary to Section 53(8) and (9) of the Public Procurement and Asset Disposal Act, 2015.

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

2. Incomplete Contract Works

As previously reported, the Kenya National Highways Authority (KENHA) entered into a commercial contract with a Chinese Contractor at a contract sum of Kshs.18,404,888,139 on 09 February, 2011 for the Upgrading of Kibwezi-Mutomo-Kitui Road Project. Review of the contract document reveal that on 20 September, 2016, KENHA and the Contractor executed Addendum 1 under the contract where the scope of works was increased under the existing contract sum of Kshs.18,404,888,139. This was at the request of KENHA due to drastic decrease in international oil prices bitumen, steel and diesel by big margins.

The increased scope of works included Engineering, Procurement and Construction of Kabati-Migwani direction (16.7Km) road. Further the Management executed Addendum No. 2 under the existing contract on 4 October, 2020 which also included the Engineering, Procurement and Construction of Kabati-Migwani direction of a further (8.92Km) road. The additional works in Addendum 1 and 2 when aggregated totals 25.62Km which is the distance between the two (2) towns.

However, physical inspection carried out on the section of the road on 24 September, 2024 revealed that the road works terminated at 8Km to Migwani town, the section was not worked on by the contractor and remained rough. In addition, the contractor was not on site and the project works had stalled.

In the circumstances, value for money realized from the Project could not be confirmed.

3. Avoidable Interest on Delayed Payments

As reported previously, the statement of receipts and payments reflects acquisition of assets amount of Kshs.115,225,730 which includes Kshs.99,691,520 on construction of roads as disclosed in Note 4 to the financial statements. The amount further includes an amount Kshs.70,584,182 relating to interest payments, which arose from delayed payments to the contractor for the upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project.

Further, Annex 4 to the financial statements reflects pending bills amounts of Kshs.3,706,110,153 which includes unpaid interest on delayed payments totalling to Kshs.543,630,272.

Although Management attributes the delay in settling the bills to the financiers' requirement that the development partner portion could only be settled upon proof that GoK counterpart portion of each IPC has been settled, inadequate budgetary allocations in the current as well as prior financial years, delays in release of Exchequer funds which led to delays in processing GoK counterpart portion and Lapse of the Financing Agreement prior to project completion in 2024/2025 financial year.

In the circumstances, the value for money could not be realized on the continued escalation of interest payments which will have to be paid.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Export-Import Bank of China, I report based on my audit, that

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit


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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

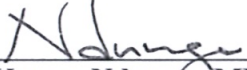
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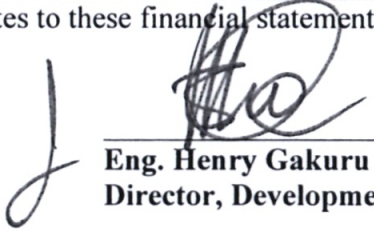
25 November, 2024


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

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to date (From inception)
		FY 2023/24			FY 2022/23			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Receipts								
Transfer from Government entities	1	125,258,930	-	125,258,930	178,569,276	-	178,569,276	3,739,189,798
Loan from external Development Partners	2	-	-	-	-	-	-	15,597,222,456
Total Receipts		125,258,930	-	125,258,930	178,569,276	-	178,569,276	19,336,412,254
Payments								
Purchase of Goods & Services	3	151,200	-	151,200	129,400	-	129,400	40,036,500
Acquisition of non-financial assets	4	115,225,730	-	115,225,730	167,855,694	-	167,855,694	19,275,909,572
Total Payments		115,376,930	-	115,376,930	167,985,094	-	167,985,094	19,315,946,072
Surplus / (deficit)		9,882,000	-	9,882,000	10,584,182	-	10,584,182	20,466,182

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


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


 Eng. Henry Gakuru
 Director, Development
 10 SEP 2024
 Date


 CPA Chanje Kera
 Deputy Director (F&A)
 ICPAK Member No: 8279
 10 SEP 2024
 Date

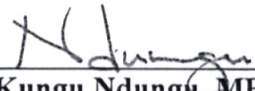
KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT

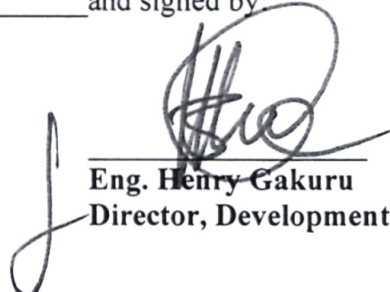
Annual Report and Financial Statements for the financial year ended June 30, 2024


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

	Note	2023/24 Kshs.	2022/23 Kshs.
Financial Assets			
Cash and Cash equivalents	5	20,739,572	13,618,305
Total Financial Assets (A)		20,739,572	13,618,305
Financial Liabilities			
Third Party Payables – Retentions	6	273,390	3,034,123
Total Financial Liabilities (B)		273,390	3,034,123
Net Financial Assets (A-B)		20,466,182	10,584,182
Represented By:-			
Fund balance b/fwd	8	10,584,182	-
Surplus (Deficit) for the year		9,882,000	10,584,182
Net Financial Assets		20,466,182	10,584,182

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10 SEP 2024 and signed by:


Eng. Kungu Ndungu, MBS
Director General


Eng. Henry Gakuru
Director, Development


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

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT*Annual Report and Financial Statements for the financial year ended June 30, 2024***9. Statement of Cash flows for the year ended 30th June 2024**

	Note	2023/24 Kshs.	2022/23 Kshs. Restated
Cashflow from operating activities			
Receipts			
Transfers from Government entities	1	125,258,930	178,569,276
Total Receipts		125,258,930	178,569,276
Payment for operating expenses			
Purchase of goods and services			
Project operating costs	3	(151,200)	(129,400)
Total Payments		(151,200)	(129,400)
Net Receipts / (payments)		125,107,730	178,439,876
Adjustments during the year			
Increase / (decrease) in accounts payable-retentions		(2,760,733)	3,034,123
Net cash flow from operating activities		122,346,997	181,473,999
Cashflow from Investing Activities			
Acquisition of road assets	4	(115,225,730)	(167,855,694)
Net cash flows from Investing Activities		(115,225,730)	(167,855,694)
Cashflow from financing Activities			
Proceeds from foreign borrowings	2	-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash Equivalents		7,121,267	13,618,305
Cash & cash equivalent at beginning of the year		13,618,305	-
Cash and cash equivalent at end of the year		20,739,572	13,618,305

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT**Annual Report and Financial Statements for the financial year ended June 30, 2024****10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2024**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Variance	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfers from Government entities	140,000,000	(14,741,070)	125,258,930	125,258,930	-	100%
Proceeds from foreign borrowings	-	-	-	-	-	-
Total Receipts	140,000,000	(14,741,070)	125,258,930	125,258,930	-	100%
Payments						
Purchase of goods and services	140,000,000	(14,741,070)	125,258,930	151,200	9,882,000	92%
Acquisition of non-financial assets				115,225,730		
Total Payments	140,000,000	(14,741,070)	125,258,930	115,376,930	9,882,000	92%
Surplus or Deficit	-	-	-	9,882,000	9,882,000	

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

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for the Kibwezi – Mutomo – Kitui – Migwani Road Project under the Kenya National Highways Authority. The financial statements are for the the Kibwezi – Mutomo – Kitui – Migwani Road Project as required by Section 81 of the PFM Act, 2012.

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

The Kibwezi – Mutomo – Kitui – Migwani Road Project recognizes all receipts from various sources when an event occurs, and the related cash is received.

i) Transfers from the Exchequer

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

Significant Accounting Policies (Continued)

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

Salaries, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

Significant Accounting Policies (Continued)

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

f) In-kind donations

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

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

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

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:

Significant Accounting Policies (Continued)

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

The Project 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. There were no contingent liabilities in the year.

k) Contingent Assets

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

l) Pending bills

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

Significant Accounting Policies (Continued)

m) Budget

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

n) Third-party payments

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

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

o) Exchange rate differences

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

Significant Accounting Policies (Continued)

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in *note 9* of these financial statements.

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT**Annual Report and Financial Statements for the financial year ended June 30, 2024****12. Notes to the Financial Statements****1. Transfers from Government entities**

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

	2023/24	2022/23	Cumulative to-date
	Kshs	Kshs	Kshs
Counterpart funds Quarter 1	-	12,500,000	215,794,544
Counterpart funds Quarter 2	-	-	848,891,366
Counterpart funds Quarter 3	15,086,310	-	853,716,387
Counterpart funds Quarter 4	30,172,620	25,600,000	1,600,318,225
TOTAL	45,258,930	38,100,000	3,518,720,522
<i>Other transfers from government entities</i>			
Fuel Levy funds Quarter 1	-	-	-
Fuel Levy funds Quarter 2	5,000,000	18,750,000	23,750,000
Fuel Levy funds Quarter 3	10,000,000	37,500,000	47,500,000
Fuel Levy funds Quarter 4	5,000,000	18,750,000	23,750,000
Total	20,000,000	75,000,000	95,000,000
Annuity fund			
Annuity funds Quarter 1	-	-	-
Annuity funds Quarter 2	-	-	-
Annuity funds Quarter 3	-	-	-
Annuity funds Quarter 4	-	59,400,000	59,400,000
Total	-	59,400,000	59,400,000
Appropriations-in-Aid	60,000,000	6,069,276	66,069,276
Total	60,000,000	6,069,276	66,069,276
Grand Total	125,258,930	178,569,276	3,739,189,798

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT*Annual Report and Financial Statements for the financial year ended June 30, 2024***Notes to the Financial Statements (Continued)****2. Loan from External Development Partners**

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

FY 2023/24						FY 2022/23	Cumulative to date
Name of Donor	Date Received	Amount in loan currency	Loans received in actual amount	Loans Received as Direct payments	Total amount	Total amount	
		USD	Kshs	Kshs	Kshs	Kshs	Kshs
Loans Received from Multilateral Donors							
Exim Bank of China	FY 2023/24	-	-	-	-	-	15,597,222,456
Total		-	-	-	-	-	15,597,222,456

3. Purchase of Goods and Services

	FY 2023/24			FY 2022/23	Cumulative
	Payments made in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Domestic travel and subsistence	151,200	-	151,200	129,400	28,803,261
Advertising and services	-	-	-	-	11,233,239
Total	151,200	-	151,200	129,400	40,036,500

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT**Annual Report and Financial Statements for the financial year ended June 30, 2024****Notes to the Financial Statements (Continued)****4. Acquisition of Non-Financial Assets**

	FY 2023/24			FY 2022/23	Cumulative
	Payments made in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Construction of roads	99,691,520	-	99,691,520	123,536,277	18,934,515,461
Acquisition of land	15,534,210	-	15,534,210	44,319,417	341,394,111
Total	115,225,730	-	115,225,730	167,855,694	19,275,909,572

5. Cash and Cash equivalents

	FY 2023/24	2022/2023
	Kshs	Kshs
Bank Accounts (Note 5A)	20,739,572	13,618,305

5 (A) Bank Accounts

	FY 2023/24	2022/2023
	Kshs	Kshs
Co-operative Bank of Kenya Ltd A/C: 01141160979900	20,466,182	10,584,182
National Bank of Kenya A/C No. 0100132733200	273,390	3,034,123
Total	20,739,572	13,618,305

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

6. Accounts Payables – Retentions

Description	2023 – 2024		2022 – 2023	
	Kshs		Kshs	
Retention	273,390		3,034,123	
Total	273,390		3,034,123	
	2023 – 2024	% of the Total	2022 – 2023	% of the Total
Ageing analysis:				
Under one year	-	0%	3,034,123	100%
1-2 years	273,390	100%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	273,390	100%	3,034,123	100%

7. Changes in Accounts Payable –Retentions

	2023/2024	2022/2023
	KShs	KShs
Retentions as at 1 st July	3,034,123	-
Closing accounts payable as at 30th June	273,390	3,034,123
Changes in payables	(2,760,733)	3,034,123

8. Fund Balance Brought Forward

	2023/2024	2022-2023
	KShs	KShs
Bank accounts	13,618,305	-
Retentions	(3,034,123)	-
Total	10,584,182	-

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT**Annual Report and Financial Statements for the financial year ended June 30, 2024****Notes to the Financial Statements (Continued)****9. Prior Year Adjustment**

	Balance b/f FY 2022/2023 audited financial statements	Adjustments	Adjusted Balance b/f from FY 2023/2024
Description	Kshs	Kshs	Kshs
Cashflow statement: Net Cashflow from operating activities	172,370,600	9,103,399	181,473,999
Cashflow statement: Cash and Cash equivalent at the end of the year	10,584,182	3,034,123	13,618,305

The prior year adjustment relates to correction of a casting error in prior year amount of net cash flow from operating activities (indicated as Kshs 172,370,600 instead of Kshs 178,439,876) and omission of increase in accounts payable (retention) of Kshs 3,034,123 under cashflow from operating activities. The omission of the increase in accounts payable (retention) of Kshs 3,034,123 under cashflow from operating activities had also led to understatement of the closing cash and cash equivalents by a similar amount.

Other Important Disclosures**10. Pending Accounts Payable (Annex 4)**

	Balance b/f FY 2023/2024	Additions for the year	Paid during the year	Balance c/f FY 2023/2024
Description	Kshs	Kshs	Kshs	Kshs
Construction of Roads	1,704,717,048	436,920,486	91,191,520	2,050,446,014
Acquisition of Land	1,604,681,725	-	15,534,210	1,589,147,515
Supply of Services	75,016,624	151,200	8,651,200	66,516,624
Total	3,384,415,397	437,071,686	115,376,930	3,706,110,153

11. External Assistance

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
External assistance received as loans	-	-
Total	-	-

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT*Annual Report and Financial Statements for the financial year ended June 30, 2024***Notes to the Financial Statements (Continued)***a). External assistance relating loans*

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
External assistance received as loans	-	-
Total	-	-

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used*	FY 2023/2024	FY 2022/2023
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Total		-	-

*The undrawn balance from the Development Partner was not utilized since the finance agreement lapsed in FY 2012/22 prior to project completion.

c) classes of providers of external assistance

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
Bilateral donors	-	-
Total	-	-

d) Purpose and use of external assistance

Payments Made by Third Parties	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Acquisition of Assets	-	-
Total	-	-

f. External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
Bilateral donors	-	-
Total	-	-

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Annual Report and Financial Statements for the financial year ended June 30, 2024

13. Annexes

Annex 1 - Prior Year Auditor-General's Recommendations

Ref. No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	<p>Basis for Qualified Opinion</p> <p>Interest on Delayed Payments The statement of receipts and payments reflects acquisition of assets amounts of Kshs 167,985,094 which includes Kshs 32,107,000 paid as interest on delayed payments. Further, Annex 4 to the financial statements reflects pending bills amounts of Kshs 3,384,415,397 which includes interest on delayed payments totaling to Kshs 261,293,822.</p> <p>In the circumstances, the delay in payment of certified works has made the Project costs to continue escalating with interest payments which are irregular charge to public funds.</p>	<p>We agree with the audit observation that the project attracted interest on delayed payments.</p> <p>We however wish to clarify that Interest on delayed payments is a contractual obligation provided for in the contract agreement which the Contractor opted to invoke as a result of delays in settling the pending bills.</p> <p>The delay in settling the bills is however as a result of:</p> <ul style="list-style-type: none"> a) The financiers' requirement that the development partner portion can only be settled upon proof that GK counterpart portion of each IPC has been settled b) Inadequate Budgetary allocations in the current as well as prior financial years, as well as delays in release of exchequer funds led to delays in processing GK counterpart portion. <p>In FY 2023/24 however, the Project received budgetary allocation amounting to Kshs 125,258,930 which were utilized towards settlement of part of the pending bills.</p> <p>The Authority will continue liaising with the Parent Ministry and the National Treasury in an effort to facilitate adequate budgetary provisions to settle the Pending Bills.</p>	Not Resolved	Ongoing

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<p>2</p>	<p>Delayed Payments to Persons Affected by Project (PAPs) Annex 4 to the financial statements reflects pending bills balance of Kshs 3,384,415,397 which includes an amount of Kshs Kshs 1,604,681,725 for acquisition of land from persons who were affected by the implementation of the project which had not been paid.</p>	<p>We agree with the audit observation that there are delays in Payment to the Persons Affected by the Project.</p> <p>The National Land compensation, NLC forwarded to the Authority a schedule of land compensations amounting to Kshs 1,924,776,370. Due to inadequate GK budgetary allocation in the current as well as prior financial years, the Authority has been able to make partial payments amounting to Kshs 341,394,111, leaving a balance of Kshs 1,583,382,259 as at 30 June 2024.</p> <p>In order to facilitate project execution in light of the budgetary constraints, Early Entry was approved by NLC and the PAPs agreed that their land could be used for purposes of road construction, especially on sections where there were no developments. This was agreed by the PAPs after considering the benefits of a tarmacked road.</p> <p>The Authority is however committed to settlement of the pending bills through close liaison with the Parent ministry and the National Treasury in a bid to facilitate adequate budgetary allocations to facilitate settlement of the entire Project outstanding bills.</p>	<p>Not Resolved</p>	<p>Ongoing</p>
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	<p>Further, the Project status report reflected a balance of compensation to the Project Affected Persons (PAP) amount of Kshs 2,358,005,175, which differed with annex 4 to the financial statement which reflected an amount of Kshs 1,604,681,725 resulting to an unexplained variance of kshs 753,323,450. The project risk losing funds through legal disputes with the affected persons.</p> <p>In the circumstances, the accuracy and completeness of the pending bills on acquisition of land could not be confirmed.</p>	<p>We disagree with the audit observation that the project status report for the month ending June 2023 reflected compensation to the Project Affected Persons (PAP) amount of Kshs 2,358,005,175 which differed with the annex 4 to the financial statement which reflected an amount of Kshs 1,604,681,725.</p> <p>We wish to clarify that whereas the initial monthly progress report that that had been shared with the audit team had erroneously indicated that the total amounts payable to PAPS amount to Kshs 2,739,498,360 and payments amounting to Kshs 381,493,185, resulting in outstanding amount of Kshs 2,358,005,175, the progress report was subsequently amended to indicate the correct land compensation payable amounting to Kshs 1,924,776,370 as received from the National Land commission and the correct cumulative payments amounting to Kshs 325,859,901 resulting in outstanding amount of Kshs 1,604,681,725.</p> <p>The amount of land compensation indicated in the project financial statements are therefore in agreement with the amounts reflected in the project’s monthly progress report for the month ending 30 June 2023.</p>	<p>Not Resolved</p>	<p>FY 2024/25</p>
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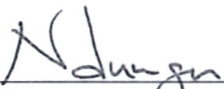
<p>3</p>	<p>Inaccuracies in the Statement of Cashflow The statement of cashflow reflects total net cashflow from operating activities amounts of Kshs. 172,370,600 which differed with the recalculated amounts of Kshs. 178,439,876 resulting to an unexplained variance of Kshs.6,069,276.</p> <p>In the circumstances, the accuracy and completeness of the balances mentioned above could not be confirmed.</p>	<p>We agree with the audit observation that the financial statements submitted for audit had erroneously indicated the net cash flow from operating activities as Kshs 172,370,600 instead of the correct amount of Kshs 178,439,876.</p> <p>We wish to note that the Project financial statements were subsequently amended to reflect the correct cashflow from operating activities of Kshs 178,439,876. The amended financial statements were shared with the audit team during the audit process but did not consider the amended financial statements in the preparation of their final report. A prior year adjustment was therefore done in FY 2023/24 financial statements to remedy this situation.</p>	<p>Not Resolved</p>	<p>FY 2024/25</p>
<p>4</p>	<p>Non-Disclosure of Retention Money The statement of financial assets reflects cash and cash equivalent balance of Kshs. 10,584,182 which excludes retention money totalling Kshs 3,034,123 deducted from payment to the contractor but had not been refunded. No explanation was provided for the anomaly.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs. 10,584,182 could not be confirmed.</p>	<p>We disagree with the audit observation that the statement of financial assets indicates cash and cash equivalent balance of Kshs. 10,584,182.</p> <p>We wish to clarify that the audited financial statements FY 2022/23 indicates the correct amount of cash and cash equivalent of Kshs 13,618,305 under the statement of financial assets.</p>	<p>Not Resolved</p>	<p>FY 2024/25</p>

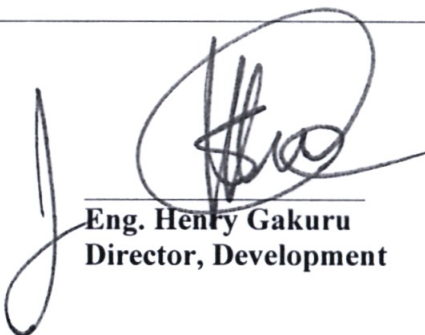
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	<p>Other Matter</p> <p>Unresolved Prior Year Matters</p> <p>In the audit of the previous year, several issues were raised. However, Management has not indicated how each of the issues raised in the previous year Auditor General’s report, was resolved, including the information required under the prescribed reporting format.</p>	<p>We disagree with the audit observation that the Project Management did not provide any explanation on how prior year matters were resolved.</p> <p>We wish to note that as provided for in the Projects reporting template, the Project’s financial statements for financial year 2022/23, under Annex 1 (Progress on Follow Up of Prior Year Auditors Recommendations) to the financial statements, the Project management has provided comments and explanations on the status of each of the audit observations in the prior year financial statements.</p>	<p>Not Resolved</p>	<p>FY 2024/25</p>
	<p>Basis for Conclusion</p> <p>Non-Completion of Works</p> <p>Review of the Project documents revealed that the management entered into a contract with the contractor at a contract sum of Kshs. 18,404,888,139 on 20 September 2016. The date of commencement was 16 August 2017 for a period was 42 months with expected completion date was 15 February 2021. Later, there was an extension of 329 days thus, the revised completion date was 04 October 2022 and the defects notification period was 12 months which was completed successfully.</p>	<p>We agree with the audit observation that the project was behind schedule.</p> <p>We however wish to clarify that the section under the original contract was co-financed between the Government of Kenya and China EXIM Bank. That section has been completed and a Performance certificate issued.</p> <p>The outstanding section of the Kibwezi- Kitui-Kabati-Migwani-Mbondoni Road was a variation to the scope of works under Addendum No. 3 at a cost of KES. 3,141,024,203.86 and is to be funded 100% by the Government of Kenya.</p> <p>The scope of these works is summarised below</p> <p>(i) Migwani – Mbondoni Section (km 179+081.5 to Junction with A3) - 20.9 Km.</p> <p>(ii) Main road Km 170+461.5 to Km 178+125.5, Ndolo’s Corner Road, Tulia town road and Migwani Town Roads -12.87 Km.</p>	<p>Not Resolved</p>	<p>FY 2024/25</p>

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<p>Further, there was addendum No. 3 to the contract which increased the scope of the works to be done to include Tulia-Migwani-Mbondoni Road section which varied the contract cost by Kshs 3,141,024,204 thus raising the contract total sum to Kshs 21,545,912,342. The variation order was issued on 08 March, 2021.</p> <p>However, physical verifications carried out on 2 November 2023 revealed that the insurance and the performance guarantees have all elapsed and the contractor has ceased operations and abandoned the site with about 30% of increased scope of works in addendum No. 03 completed. The contractor took the action due to non-payment. In the circumstances, the value for money realized from the project could not be confirmed.</p>	<p>Ten (10) Kilometres have been completed from Migwani town to Tulia town including some town roads and therefore, the percentage of physical work completed for this additional section is 29.6%, bringing the total completion of the entire project to 90.5%. However, the Contractor has suspended works due to:</p> <ul style="list-style-type: none"> i. Delayed payment of outstanding Interim Payment Certificates which amounted to Kshs. 1,704,747,048 as at 30 June 2023 ii. Delayed land acquisition to facilitate right of way for construction works. <p>In FY 2023/2024 however, the Project received a budgetary allocation of Kshs 125,258,930 which were utilized towards settlement of part of the pending bills. The Authority is however in close liaison with the parent ministry and the National Treasury in an effort to facilitate additional budget and release of exchequer to facilitate settlement of the outstanding bills. The Management has also requested the Contractor to renew the Performance Guarantee. The other insurances will however be renewed once works commences as they are work related.</p>	<p>Not Resolved</p>	<p>FY 2024/25</p>
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Eng. Kungu Ndungu, MBS
Director General


Eng. Henry Gakuru
Director, Development

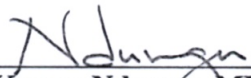
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Annex 2 - Variance Explanations - Comparative Budget and Actual Amounts for Current FY

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	125,258,930	125,258,930	-	100%	
External financing	-	-	-	-	
Total receipts	125,258,930	125,258,930	-		
Payments					
Purchase of goods and services	125,258,930	151,200	9,882,000	92%	
Acquisition of non-financial assets		115,225,730			
Total Payments	125,258,930	115,376,930	9,882,000		

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT*Annual Report and Financial Statements for the financial year ended June 30, 2024***Annex 3 - Reconciliation of Inter-Entity Transfers**

Break down of Transfers from the State Department of Roads		
Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
a. Government Counterpart Funding		
13/03/2024	15,086,310	FY 2023/24
13/03/2024	30,172,620	FY 2023/24
Total	45,258,930	
b. Direct Payments		
	-	
Total	-	
c. Others		
Fuel Levy Funds		
01/11/2023	5,000,000	FY 2023/24
12/02/2024	5,000,000	FY 2023/24
29/04/2024	5,000,000	FY 2023/24
17/06/2024	5,000,000	FY 2023/24
Total	20,000,000	
Annuity fund		
	-	
Total	-	
	-	
Appropriations-in-Aid	60,000,000	FY 2023/24
Total	60,000,000	
Total (a+b+c)	125,258,930	


 Eng. Kungu Ndungu, MBS
 Director General

10 SEP 2024

Date


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

10 SEP 2024

Date

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Annex 4 - Analysis of Pending Bills

Supplier of Goods or Services	Date Invoiced	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				FY 2023/2024	FY 2022/2023	
				Kshs	Kshs	
	b	a	c	d=a-c		
Construction of roads						
Sinohydro Corporation Ltd	30/03/2021	215,284,609	148,684,182	66,600,427	137,802,609	2-5 1
Sinohydro Corporation Ltd	01/09/2021	628,204,841	15,680,300	612,524,541	612,524,541	1
Sinohydro Corporation Ltd	23/12/2021	628,204,841	-	628,204,841	628,204,841	2
Sinohydro Corporation Ltd	17/11/2021	119,076,221	-	119,076,221	119,076,221	6-7 Interest
Sinohydro Corporation Ltd	02/03/2022	78,998,607	-	78,998,607	78,998,607	1-C'Reimbursement
Sinohydro Corporation Ltd	11/05/2022	76,762,772	-	76,762,772	76,762,772	VAT
Sinohydro Corporation Ltd	09/05/2022	4,414,992	-	4,414,992	4,414,992	8-Interest
Sinohydro Corporation Ltd	06/06/2022	55,214,664	28,271,538	26,943,127	46,932,465	9
Sinohydro Corporation Ltd	25/08/2023	16,781,427	-	16,781,427	-	IPC B VAT
Sinohydro Corporation Ltd	07/06/2024	409,533,889	-	409,533,889	-	1 &2-A Interest
Sinohydro Corporation Ltd	18/06/2024	6,096,690	-	6,096,690	-	Interest IPC 9
Sinohydro Corporation Ltd	18/06/2024	4,508,480	-	4,508,480	-	IPC No 1 &2A-Int
Total Construction of roads		2,243,082,033	192,636,019.66	2,050,446,014	1,704,717,048	
Acquisition of Land						
Kenya Forest Service	16/07/2021	5,765,256	-	5,765,256	5,765,256	Inv.68887
Acquisition of Land		1,924,776,370	341,394,111	1,583,382,259	1,598,916,469	
Total Acquisition of Land		1,930,541,626	341,394,111	1,589,147,515	1,604,681,725	
Supply of services						
Apec Consortium Ltd	12/10/2021	23,606,000	12,569,276	11,036,724	19,536,724	37
Apec Consortium Ltd	21/10/2021	5,901,500	-	5,901,500	5,901,500	38
Apec Consortium Ltd	09/11/2021	5,901,500	-	5,901,500	5,901,500	39
Apec Consortium Ltd	24/01/2022	7,479,100	-	7,479,100	7,479,100	41
Apec Consortium Ltd	04/03/2022	6,690,300	-	6,690,300	6,690,300	42
Apec Consortium Ltd	03/03/2022	5,901,500	-	5,901,500	5,901,500	43
Apec Consortium Ltd	05/05/2022	5,901,500	-	5,901,500	5,901,500	44
Apec Consortium Ltd	21/02/2023	17,704,500	-	17,704,500	17,704,500	45
Total Supply of services		79,085,900	12,569,276	66,516,624	75,016,624	
Grand Total		4,252,709,560	546,599,407	3,706,110,153	3,384,415,397	

KIBWEZI – MUTOMO – KITUI – MIGWANI ROAD PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 5 – Summary of Fixed Asset Register

Asset class	Opening Cost	Donations in form of assets	Purchases/Additions in the Year	Disposals in the Year	Transfers in/(out)	Closing Cost
	(KShs)	(KShs)	(KShs)	(KShs)	(KShs)	(KShs)
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	(a)	(b)	(c)	(d)	(e)	(f) = (a) + (b) + (c) - (d) + -(e)
Construction of Roads	18,834,823,941	-	99,691,520	-	-	18,934,515,461
Acquisition of Land	325,859,901	-	15,534,210	-	-	341,394,111
Total	19,160,683,842	-	115,225,730	-	-	19,275,909,572