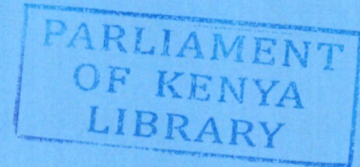



REPORT



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	09 FEB 2022
	DAY: Wed
TABLED BY:	LDM
CLERK-AT-THE-TABLE:	Samuel Kalama

OF

THE AUDITOR-GENERAL

ON

**HORN OF AFRICA GATEWAY DEVELOPMENT
PROJECT (IDA CREDIT NO. 6768 KE)**

**FOR THE YEAR ENDED
30 JUNE, 2021**

**NATIONAL TRANSPORT AND SAFETY
AUTHORITY**



Project Name: Horn of Africa Gateway Development Project

Implementing Entity: National Transport and Safety Authority

PROJECT No. P161305/CREDIT NUMBER: 6768KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

***Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

TABLE CONTENTS

1.	PROJECT INFORMATION AND OVERALL PERFORMANCE	ii
2.	STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES....	x
3.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	xvi
4.	STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES	xx
5.	REPORT OF THE INDENDENT AUDITOR ON THE HoAGDP PROJECT	xxii
6.	STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.	1
7.	STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021	3
8.	STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021	4
9.	STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS	5
10.	SIGNIFICANT ACCOUNTING POLICIES.....	6
11.	NOTES TO THE FINANCIAL STATEMENTS	14
12.	OTHER IMPORTANT DISCLOSURES	28
13.	PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	33
14.	ANNEXES.....	33

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name:

The project's official name is Horn of Africa Gateway Development Project. NTSA is supported under subcomponent D4: *Strengthen the Institutional Capacities of National Transport and Safety Authority (NTSA)*

Objective:

The Overall Project Development Objectives for HoAGDP are to:

- a) Improve Movement of People, Goods and Access to Digital Connectivity.
- b) Facilitate Regional Trade and Transport
- c) Improve Access to Selected Basic Social Services at Designated Locations
- d) Institutional Strengthening of selected Transport and Related Institutions.

The main objective for NTSA Activities under the project is to Strengthen Institutional Capacity to oversee road safety initiatives.

Address:

NTSA Head Office, Upper Hill-Nairobi, Nairobi County, Kenya.
Office of the Director General,
National Transport and Safety Authority,
316 Upper Hill Chambers, 2nd Ngong Avenue:
P.O.BOX 3602-00506, Nairobi.

Contacts: The following are the project contacts

Telephone: (020)6632123/ (020)6632243

E-mail: dg@ntsa.go.ke

Website: www.ntsa.go.ke

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	The project start date is 22 nd December 2020
Project End Date:	The project end date is 31 st December 2028
Project Manager:	The Project Manager is Mr George Njao; Director General, National Transport and Safety Authority.
Project Sponsor:	The project sponsor is the Government of Kenya and the World Bank

1.3 Project Overview: Subcomponent D4- Strengthen the Institutional Capacities of National Transport and Safety Authority (NTSA)

Line Ministry/State Department of the project	The project is under the supervision of: The Ministry of Interior and Coordination of National Government. Harambee House, Harambee Avenue P.O Box 30510-00100, Nairobi. Tel: +254-20-2227411
Project number	P161305
Strategic goals of the project	The strategic goal of the project is to Strengthen the Institutional Capacities of National Transport and Safety Authority (NTSA)
Achievement of strategic goals	The project management aims to achieve the Strategic goals through the following means: <ul style="list-style-type: none"> (i) Upgrading and reconfiguration of the Transport Integrated Management System (TIMS) (ii) Automation of motor vehicle inspection centres and a driving school. (iii) Carrying out research on road safety management (safe systems approach) to establish baseline data on road safety performance indicators in Kenya. (iv) Strengthening of NTSA management information systems and building NTSA's institutional capacity in monitoring, evaluation, and learning. (v) Enhancing NTSA capacity in: carrying out road safety audits, evaluation of road designs, identification of hazardous locations based on crash data, recommending remedial measures appropriate for hazards, and post audit evaluation of hazardous locations; (ii) facilitating NTSA contribution in harmonization of safety regulations among similar agencies in East Africa and Horn of Africa and in development of specific road safety rules and regulations for transit

Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021

	<p>traffic within the region and specifically for the transport of hazardous materials on regional road corridors; and (iii) undertaking public sensitization and awareness on road safety matters and design of improved protocols/guidelines for emergency response.</p>
<p>Other important background information of the project</p>	<p>The project has six implementing entities and 21 beneficiary Agencies. The total loan facility of USD 750Million was approved by the World Bank on 8th September 2020, as was communicated through a press release by the Cabinet Secretary, MOTIHUD. NTSA, as an implementing entity and the Bank approved USD 28Million including USD 4Million from GOK for NTSA under HOAGDP. As an implementing entity, NTSA signed a subsidiary agreement with the Bank on 5th November 2020. Project effective date was 22nd December 2020, and project commenced thereafter.</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <p>(i) Enhancing an Efficient Road Management System and Road User Behaviour. This will be achieved by:</p> <ol style="list-style-type: none"> a. Enhancing an efficient Road Data Management system through implementation of Smart Road Project for an Integrated Smart Road System. b. Implementation of a reliable and secure ICT infrastructure for efficient service delivery. c. Research, Policy Formulation and Reporting. d. Capacity Building, Partnership Development, Monitoring and Evaluation. e. Regional Benchmarking and Pilot data collection for the Africa Road Safety Observatory. <p>(ii) Enhancing an Efficient and Safer Vehicles Management System. This will be achieved by:</p> <ol style="list-style-type: none"> a. Automation of Motor Vehicle Inspection Centres <p>(iii) Enhancing an Efficient, Safer Roads and Mobility. This will be achieved by:</p> <ol style="list-style-type: none"> a. Conducting Road Safety Audits <p>(iv) Enhancing and Efficient Post-Crash Response system. This will be achieved by:</p> <ol style="list-style-type: none"> a. Design of improved protocols, guidelines for emergency response, implementation of improved emergency coordination system. b. Training for emergency response personnel. c. Acquisition of equipment to facilitate the work of road crash emergency personnel from Mandera, Isolo, Wajir & Meru Counties.
<p>Project duration</p>	<p>The project started on 22nd December 2020 and is expected to run until 31st December,2028</p>

***Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.4 Bankers

The following are the bankers for the current year:

- (i) Kenya Commercial Bank Ltd
Capitol Hill Branch
P.O Box 4360-00100
Nairobi, Kenya.
- (ii) Central Bank of Kenya
Haile Selassie Avenue
P.O.BOX 6000-00200
Nairobi, Kenya.

1.5 Auditors

- (i) Office of the Auditor General
Anniversary Towers
P. o. Box 30084-00100
Nairobi, Kenya.

1.6 Roles and Responsibilities

The following key people will be working on the project.

Names	Title designation	Key qualification	Responsibilities
Mr. George Njao	Director General	<ul style="list-style-type: none"> • He holds a Master's degree and a Bachelor of Science degree from Central Missouri State University, USA. • He has over 15 years' experience in the transport sector specifically in safety management 	Overall Accountability
Ms. Beatrice Olwa	Deputy Director Corporate Research, Strategy & Planning	<ul style="list-style-type: none"> • Master of Arts in Planning, Bachelor of Arts in Economics and Statistics and Certificate in project planning and management 	Project Team Lead
Mr. Nashon Kondiwa	Deputy Director ICT	<ul style="list-style-type: none"> • Masters of Science in Electrical Engineering • Masters of Science In Telecommunication Engineering • Bachelor of Science in 	Project Implementation Team Member- ICT Expert

***Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

Names	Title designation	Key qualification	Responsibilities
		<p>Computer Engineering</p> <ul style="list-style-type: none"> • Certified Project Management Professional (PMP) • 17 Years Experience in ICT Solutions Design, Operations and Project Management. • A member of the Project Management Institute (PMI) 	
Eng. Gerald Wangai	Director Motor Vehicle Inspection	<ul style="list-style-type: none"> • He holds a Bachelor of Science Degree (Mechanical Engineering) from the University of Nairobi. • He has vast experience spanning 28 years in the Public Service. 	Project Implementation Team Member- Motor Vehicle Inspection Expert
Eng. Christine Ogut	Deputy Director Safety Audits and Inspection	<ul style="list-style-type: none"> • Eng. Christine Ogut is a Professional Engineer with Engineers Board of Kenya, Corporate Member and a Council Member of the Institution of Engineers of Kenya. • She holds a Bachelor of Science Degree (Civil Engineering) from University of Nairobi • A Master of Science Degree in Urban Infrastructure Engineering Management from UNESCO-IHE, Delft, Netherlands • Diploma in Environment and Public Transport Management from Vagoch Transport Forsknings Institute (VTI) Linkoping, Sweden. • She is a Road Safety Auditor and Trainer of Trainees. 	Project Implementation Team Member- Road Safety Audit Expert

***Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

Names	Title designation	Key qualification	Responsibilities
Mr. Shalakra Shem	Deputy Director Supply Chain	<ul style="list-style-type: none"> • Masters in Business Administration (Procurement and Supply Chain Management) • Bachelor of Science in Purchasing & Supplies Management • Graduate Diploma in Procurement & Supply (CIPS) 	Project Implementation Team Member- Procurement Specialist
Mr. Wycliffe Wasike	Deputy Director Finance	<ul style="list-style-type: none"> • Masters in Business Administration • Bachelor of Commerce • Certified Public Accountant (CPA-K) • Certified Public Secretary (CPS-K) 	Project Implementation Team Member- Finance Specialist
Mr. Badu Katelo	Director Road Safety	<ul style="list-style-type: none"> • He holds a Master of Arts degree from Fletcher school of Law and Diplomacy, Tufts University from the United States of America (USA) and a Bachelor of Education (Honors) in Economics and Accounting 	Project Implementation Team Member- Road safety programme specialist
Ms. Margaret Kabochi	Deputy Director Human Resource	Bachelor Degree Higher Diploma in Human Resource Management	Project Implementation Team Member- Human Resources Specialist
Ms. Sharon Biwott	Corporate Research, Strategy and Planning Officer	Bachelor of Commerce Degree.	Monitoring & Evaluation Specialist

1.7 Funding summary

The Project is for duration of 8 years from 2021 to 2028 with an approved budget of EUR 25M equivalent to KShs 3.3B as highlighted in the table below:

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 th June 2021)		Undrawn balance to date	
	Donor currency (EUR)	KShs	Donor currenc y KShs	KShs	Donor currency KShs	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant						
	-	-	-	-	-	-
(ii) Loan						
International Development Organisation (World Bank)	21,400,000.00	2,737,569,320.00	5,000,000.00	654,482,500.00	16,400,000.00	2,097,950,320
(iii) Counterpart funds						
Government of Kenya	3,619,237.21	462,986,577.00	-	-	3,619,237.21	462,986,577.00
Total	25,019,237.21	3,200,555,897.00	5,000,000.00	654,482,500.00	20,019,237.21	2,560,936,897.00

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2021)		Cumulative Amount paid to date – (30 th June 2021)	Unutilised balance to date (30 th June 2021)	
	Donor currency (EUR) (A)	Kshs (A')		Donor currency (A)-(B)	Kshs (A')-(B')
(i) Grant					
	-		-		
(ii) Loan					
International Development Organisation (World Bank)	5,000,000.00	654,482,500.00	6,290,255.17	4,950,944.19	648,192,244.83
(ii) Counterpart funds					
Government of Kenya	-		-		
Total	5,000,000.00	654,482,500.00	6,290,255.17	4,950,944.19	648,192,244.83

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.8 Summary of Overall Project Performance:

The Horn of Africa Gateway Development Project (HOAGDP) was signed between the Government of Kenya and the World Bank on 22nd December 2021. It is scheduled to end on 31st December 2028. To this end, NTSA has developed a procurement plan for thirty-three project activities, which comprises of goods, works, consultancies, workshops and staff training for implementation during the project life. The procurement plan was shared with the World Bank and Project Implementation Office- MOTIHU for review and approval. Out of the thirty-three project activities, nine have been uploaded on World Bank STEP system and have been approved for implementation in FY 2021/2022 at a budget of Kshs. 703,522,400.00 against the budgetary allocation of Kshs. 159,729,056. During the period under review, the Authority purchased a vehicle at the cost of Ksh. 6,289,655.17 to support road safety audits. Other Activities are under procurement.

1.9 Summary of Project Compliance:

No issues of non-compliance encountered.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

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

NTSA key objective of the *project's agreement* is to strengthen NTSA capacity through implementation of the following project activities:

- a) Upgrading and reconfiguration of the Transport Integrated Management System (TIMS)
- b) Automation of motor vehicle inspection centres and a driving school.
- c) Carrying out research on road safety management (safe systems approach) to establish baseline data on road safety performance indicators in Kenya.
- d) Strengthening of NTSA management information systems and building NTSA's institutional capacity in monitoring, evaluation, and learning.
- e) Enhancing NTSA capacity in: carrying out road safety audits, evaluation of road designs, identification of hazardous locations based on crash data, recommending remedial measures appropriate for hazards,

***Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

and post audit evaluation of hazardous locations; (ii) facilitating NTSA contribution in harmonization of safety regulations among similar agencies in East Africa and Horn of Africa and in development of specific road safety rules and regulations for transit traffic within the region and specifically for the transport of hazardous materials on regional road corridors; and (iii) undertaking public sensitization and awareness on road safety matters and design of improved protocols/guidelines for emergency response.

100



*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

Progress on attainment of Strategic objectives as at 30th June 2021.

No.	Project Activities	Objective	Outcome	Indicator	Status
1.	<p>Project Name: KE-NTSA-204278-GO-RFB/Supply, Delivery and Installation of Primary Data Centre core Infrastructure switches, Servers, Storage, Intelligent racks, Virtual Desktop Infrastructure and Speed Limiter Monitoring Solution. Contract type: Goods Amount: USD 4,519,000</p>	<p>The Project objective is to address reliability and capacity challenges of TIMs. It is categorized into 5 lots:</p> <ul style="list-style-type: none"> LOT 1: Supply Delivery and Installation of Primary Data Centre Core Switches, Servers, Storage and Data Centre Firewall Upgrade (USD.3,203,796.47) LOT 2: Supply Delivery and Installation of Integrated Data Centre Infrastructure/ Intelligent Racks for Primary Data Centre (Ksh.62,582,797.47) LOT 3: Supply and Installation of Virtual Desktop Infrastructure Solution (Ksh.93,430,487.09) LOT 4: Supply and Delivery of 200 Laptops, 40 Printers and 5 Projectors.(Ksh.46,527,260.00) LOT 5: Cloud Services for High Availability Architecture.(Ksh.30,072,323.78) 	<p>Enhancing an efficient Road Management System and Road User behaviour</p>	<p>% of project completion</p>	<ul style="list-style-type: none"> SPN was posted on 25th March 2021 Contracts have been awarded to successful bidders
2.	<p>Project Name: KE-NTSA-204305-GO-RFB /Supply, delivery and installation of intelligent road safety management application and monitoring centre. Contract type: Goods Amount: USD 1,500,000</p>	<p>NTSA aims to implement an intelligent road safety management system to capture traffic data and automate enforcement of traffic laws along the transport corridor.</p>	<p>Enhancing an efficient Road Management System and Road User behaviour</p>	<p>% of project completion</p>	<ul style="list-style-type: none"> SPN notice was posted on 25th March 2021 Contract awarded to successful bidder.(Currently under stand still period ending 3rd September 2021)

Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021

No.	Project Activities	Objective	Outcome	Indicator	Status
3.	<p>Project Name: KE-NTSA-216855-CS-QCBS / Consultancy Services for Project Management to Support National Transport and Safety Authority ICT Projects Implementation and Quality Assurance</p> <p>Contract type: Consultancy</p> <p>Contract Amount: USD 200,000</p>	<p>The project activity aims to enhance the assurance of sound technical and project implementation, monitoring, and reporting by providing management support to the NTSA PIT.</p>	<p>Enhancing an efficient Road Management System and Road User behaviour</p>	<p>% of project completion</p>	<ul style="list-style-type: none"> Review of TOR by the World Bank done and a No objection to proceed issued on 17th March 2021 Expression of Interest developed, and advertised on 6th May, 2021. RFP sent to successful bidders.
4.	<p>Project Name: KE-NTSA-204331-GO-RFQ / Procurement of motor vehicle</p> <p>Contract type: Goods</p> <p>Contractor: Isuzu EA LTD</p> <p>Amount: USD 60,000- Equivalent to KES 6,400,000</p>	<p>Procurement of a vehicle to support Road Safety</p>	<p>Enhancing an efficient, Safer Roads and Mobility</p>	<p>Vehicle Purchased.</p>	<ul style="list-style-type: none"> Notification of award of Contract issued on 12th May 2021. Contract signed on 25th May 2021 Payment done on 30th June 2021 .
5.	<p>Project Name: KE-NTSA-231634-CS-INDV/ Consultancy Services for Design Enterprise Architecture of ICT Systems and Services for Optimal Service Delivery and Operations (International Consultant)</p> <p>Contract type: Consultancy</p> <p>Contract Amount: USD 100,000</p>	<p>The main purpose of this activity is to define appropriate standards, framework, guidelines and delivery of a new Enterprise Architecture for NTSA services that cover the four main architecture domains (i.e. business, data, application & technology).</p>	<p>Enhancing an efficient Road Management System and Road User behaviour</p>	<p>% of project completion</p>	<ul style="list-style-type: none"> Upload of procurement plan for review on STEP on 28th April 2021. No-objection for implementation issued on 6th May, 2021

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

No.	Project Activities	Objective	Outcome	Indicator	Status
6.	<p>Project Name: KE-NTSA-231640-CS-INDV Consultancy Services for Design of Enterprise Architecture of ICT Systems and Services for Optimal Service Delivery and Operations (Local Consultant) Contract type: Consultancy Contract Amount: USD 100,000</p>	<p>The objective of the consultancy service is to:</p> <ol style="list-style-type: none"> Review existing architecture, implemented systems, both hardware and software; Review the overall long term requirements for data driven road transport and safety management; Review the other stakeholders requirements and develop an integrated Enterprise Information Technology Service Architecture that will be used by NTSA as a blue print for implementation of all current and future information technology based road Transport and safety systems. 	<p>Enhancing an efficient Road Management System and Road User behaviour</p>	<p>% of project completion</p>	<ul style="list-style-type: none"> Upload of procurement plan for review on STEP on 28th April 2021. No-objection for implementation issued on 6th May, 2021
7.	<p>Project Name: Consultancy Services for Review of Design for Additional Four Inspection Lanes, and Supervision of Works at Likoni Road Motor Vehicle Inspection Centre, Nairobi Contract type: Consultancy Contract Amount: USD 100,000</p>	<p>Automate with additional four test lanes Likoni-Rd. motor vehicle inspection center</p>	<p>Enhancing an efficient and safer vehicles management system</p>	<p>% of project completion</p>	<ul style="list-style-type: none"> No objection approval issued on 31st May 2021 Terms of Reference under development
8.	<p>Project Name: KE-NTSA-231676-CS-QCBS / Consultancy Services for Design and Supervision of Works for Motor Vehicle Inspection and Driver Testing Centre in Thika Town Contract type: Consultancy Contract Amount: USD 400,000</p>	<p>Build and automate Thika Motor Vehicle Inspection Center and Driver Training and testing Unit</p>	<p>Enhancing an efficient and safer vehicles management system</p>	<p>% of project completion</p>	<ul style="list-style-type: none"> No objection approval issued on 31st May 2021 Terms of Reference under development
9.	<p>Project Name: KE-NTSA-238600-CS-QCBS / Consultancy services for Review and Development of NTSA</p>	<p>Capacity enhancement o NTSA M&E Unit</p>	<p>Enhancing an efficient Road Management</p>	<p>% of project completion</p>	<ul style="list-style-type: none"> No objection approval issued on 28th June 2021

*Horn of Africa Gateway Development Project
 Reports and Financial Statements
 For the financial year ended June 30, 2021*

No.	Project Activities	Objective	Outcome	Indicator	Status
	Strategic Plan, Strategy Monitoring, Evaluation, and Learning Frameworks Contract type: Consultancy Contract Amount: USD 426,000		System and Road User behaviour		<ul style="list-style-type: none"> Under procurement process.

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NTSA was established under the NTSA Act No.33 of 2012 with a purpose to: (i) Harmonize operations of key institutions in the road transport subsector, (ii) Improve service delivery; and (iii) Enhance road safety. NTSA as the body charged with the responsibility for ensuring the provision of safe, reliable and efficient road transport services; and administering the Act of Parliament set out in the First Schedule and any other written law, among other responsibilities is obliged to safeguard the realization of safety targets as set out locally or adopted internationally by the country. The main one being reduction of fatalities and injuries arising from road crashes. Highlight of activities that drive sustainability are as follows:

1. Sustainability strategy and profile

Motorized transport has become the most preferred means of transport. As people use this preferred mode, they equally expose or subject their lives and property to danger and risks. According to the World Health Organization estimates, about 1.2 million people are killed annually on the roads and up to 50 million are injured worldwide. 90 per cent of these deaths and injuries occur in developing countries such as Kenya, which incidentally claim less than a half of the world registered vehicle fleet. Should the trend continue, the number of people injured or killed on the roads rising and NTSA as the Authority in charge of Road safety has put in place measures to help reduce the trend. The sub-component D4 is specifically aimed at improving Road Safety by leveraging on Technology to ensure Compliance with Road Transport Rules and Regulations, both nationally and regionally using global parameters.

The African Union (AU) enacted the UN Decade of Action along with many other African countries including Kenya. Together with the United Nations Economic Commission for Africa (UNECA), the AU defined the African Road Safety Action Plan 2011-2020 which was built on five pillars aligned with the Safe System Approach and include: Road safety management; Safer roads and mobility; Safer vehicles; Safer road users; and Post-crash response. Through HOAGDP, the Authority will coordinate and lead a team to implement interventions aligned to all the five pillars of road safety through leadership and a comprehensive coordination mechanism as spelt out in National Road Safety Action Plan. Selected initiatives in the National Road Safety Action Plan including research on safe systems, public education programmes targeting behavioral change and regional integration, will be implemented under HOAGDP support.

2. Environmental performance

The Authority has a total of 17 motor vehicle inspection centers across the country. Through support from the World Bank, NTSA automated two motor vehicle inspection centers, namely Nairobi - Likoni and Mombasa-Miritini road Inspection centers. In the remaining 15 inspection centers are manually operated. Section 16(2) of the Traffic Act Cap 403 requires that "Every vehicle more than four years old from the recorded dated of manufacture shall be subjected to inspection by the motor vehicle inspection unit", which means that over three million vehicles in Kenya are supposed to be inspected annually. However, given the current capacity of the 17 inspection centres, NTSA can inspect a maximum of 400,000 vehicles (public and commercial service vehicles) leaving approximately 2,600,000 vehicles (mainly private) uninspected annually. NTSA plans to develop Regional Model for motor vehicle inspection in Thika town to act as centres of excellence. The main features for the planned test lanes include Brake testers, headlight testers, display unit, and most importantly, emission tester and noise meter which will help with managing environmental pollution from motor vehicles and reduce the impact of noise and air pollution on human health.

3. Employee Welfare

The Authority has put in place the Gender & Disability Mainstreaming Committee and career Progression policy to guide its recruitment processes and daily affairs

NTSA as an employer has a primary duty under Occupational Health, & Safety Act-OSHA 2007 and Environmental Management and Coordination Act (EMCA 1999) to "take every precaution reasonable in the circumstances for the protection of a worker and the natural environment". In order to fulfil these regulatory requirements; NTSA has developed a Safety, Health and Environment policy document which outlines the policy framework under which Safety, Health and Environment is managed. The policy has the following objectives;

- a) Zero injuries, fatalities and Occupational illnesses.
- b) Minimizing negative impact to the environment.
- c) Zero damage to property and/or equipment.

The Authority is fully compliant with the Occupational Safety and Health Act of 2007, (OSHA).

In an effort to comply with the gender rule the Authority formulated the gender and disability mainstreaming policies and by extension a committee to guide and implement gender and disability matters in the Authority. This are key performance indicators in the performance contracting, which the Authority is currently compliant on.

Training has been assigned a specific budget line to promote capacity building of staff in diversified fields. To promote professionalism and retention of critical staff a practice has been established where annual subscription and continuous development programmes are shouldered by the Authority for the benefit of the professional staff. This in turn has enabled them to be in good professional standing.

A review and performance appraisal for middle level staff which resulted in the promotion of forty five (45) staff from Job grade 8 to job grade 7 in the FY 2020/2021.

The Authority has a safety, health and Environment policy in place aligned to the Occupational Safety and Health Act of 2007.

Employee Benefit Obligations

The Authority established the National Transport & Safety Authority Staff Retirement Benefit Scheme (NTSA-SRBS) through an irrevocable Trust Deed on 1st July, 2014 as a Defined Contribution Pension Scheme to provide retirement benefits to the staff of National Transport and Safety Authority under the rules of the scheme. The scheme is duly registered by The Retirement Benefit Authority

The contribution rate of the scheme is at 7.5% of basic salary and 15% of the same by the employee and employer respectively. In the year ended 30th June 2021 a total of Ksh 120.5 Million was remitted as contributions towards pension for staff to the scheme.

The Authority also remits contributions to the National Social Security Fund (NSSF) based on the revised rates under Tier I & II.

4. Market place practices-

- a) Responsible competition practice; The Authority has automated all the services on the Transport Integrated Management Systems (TIMS) an online self-service portal where clients create and manage their own individual accounts by using their personal information. As outlined in the Authorities Service Charter, the services offered indicate the costs and timelines for acquiring the services thereby managing customer expectations regarding the delivery of services, standards of quality and conflict resolution. The Authority undertakes all its activities in an ethical manner and in line with the requirement of relevant laws and regulations.

5. Responsible supply chain and supplier relations;

The Authority is guided by the Public Procurement Regulatory Act 2015 when undertaking our procurement processes. We respect our suppliers and give equal opportunity to all without discrimination (gender or disability). Our procurement processes are transparent and our suppliers are paid within the stipulated timelines.

6. Responsible marketing and advertisement;

All Authority's the content and messages are designed to meet the needs of the stakeholder. In it design all copy rights laws are respected. In media buying, the Authority is guided by the Government Advertising Agency (GAA). The Authority, being a regulator has undertaken the following in compliance with market practice:

a) Responsible competition practice.

Inviting bids for institutions seeking to be licensed as Body Builders and or Speed Limiter Fitters though an open tendering and evaluation process. This has in effect provided a level playing field for firms venturing these types of businesses.

b) Responsible Supply chain and supplier relations

The Authority has continually ensured compliance with the Public Procurement & Disposal Act, 2015 including affirmative action on disadvantaged groups of Women, Youth and Persons with disability. Efforts have also been made despite the volatile economic times to ensure firms who supply goods and services to the Authority are paid in a timely was as is practically possible.

c) Responsible marketing and advertisement

The Authority has continued to comply with government guidelines in advertising for its key mandate activities which majorly focuses on sensitization and awareness.

d) Product Stewardship

The Authority has continually engaged the various stakeholders including motor vehicle Sacco's through dialogue and specific measures to ensure public transport users are protected and served fairly by the public road transport saccos and companies.

7. Community Engagements

National Transport and Safety Authority exists to continuously improve on road safety for all users through planning, managing and regulating the road transport system transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to delivery our strategy, which is founded on four strategic pillars: Service orientation, internal business processes. People focus and financial sustainability. Below is a brief highlight of our commitment in each pillar.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Director General NTSA and the Project Coordinator for HoAGDP project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2021.

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

The Director General NTSA and the Project Coordinator for HoAGDP project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

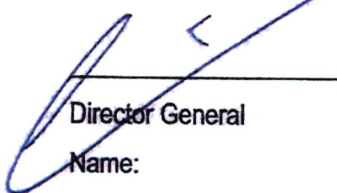
The Director General NTSA and the Project Coordinator for HoAGDP project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. The Director General NTSA and the Project Coordinator for HoAGDP project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Director General NTSA and the Project Coordinator for HoAGDP project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

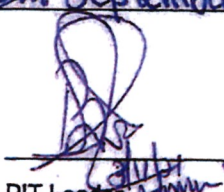
**Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021**

Approval of the Project financial statements

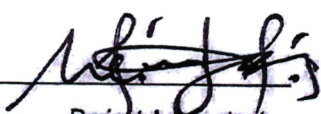
The Project financial statements were approved by the Director General and the Project Implementation team leader for HoAGDP project on 29th September 2021 and signed by them.



Director General
Name:



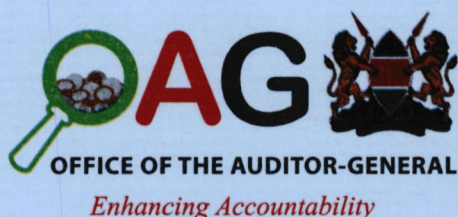
PIT Leader
Name:



Project Accountant:
Name: George Kutto
ICPAK Member Number: 13016

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (IDA CREDIT NO. 6768 KE) FOR THE YEAR ENDED 30 JUNE, 2021 – NATIONAL TRANSPORT AND SAFETY 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 government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) – National Transport and Safety Authority set out on pages 1 to 40, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) – National Transport and Safety Authority as at 30 June, 2021, and of its financial performance and 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 Financing Agreement Number 6768 dated 7 October 2020 between the International Development Association (IDA) and 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 Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) – National Transport and Safety 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 audit 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.

Key Audit Matters

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

Other Information

The Director General of the National Transport and Safety Authority and the Project Implementation Team are responsible for the other information, which comprise the Project Information and Overall Performance as required under the Public Finance Management Act, 2012. The other information does not include the financial statements and our auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective

Basis for Conclusion

Lack of Internal Audit Reports

During the year under review, the Project was not audited by the internal audit department as provided for in the Project's Appraisal Document Annex 1 Paragraph 14. The management has, however, explained that the internal audit has been planned for in 2021/2022 audit cycle.

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 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.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis), and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error, and for assessment of the effectiveness of the internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which 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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control which 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 which would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Project's 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 which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of 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 which may cast significant doubt on the ability of Horn of Africa Gateway Development Project to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease sustaining 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 which achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the of Horn of Africa Gateway Development Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2021


*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

	Note	2020/2021			2019/2020			Cumulative to-date (From inception)
		Receipts and payments controlled by the Authority	Payments made by third parties	Total	Receipts and payment controlled by the Authority	Payments made by third parties	Total	
		KShs	KShs	KShs	KShs	KShs	KShs	KShs
RECEIPTS								
Transfer from Government entities	1	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants	2	-	-	-	-	-	-	-
Loan from external development partners	3	49,313,456.40	-	49,313,456.40	-	-	49,313,456.40	49,313,456.40
Miscellaneous receipts	4	-	-	-	-	-	-	-
TOTAL RECEIPTS		49,313,456.40	-	49,313,456.40	-	-	49,313,456.40	49,313,456.40
PAYMENTS								
Compensation of employees	5	-	-	-	-	-	-	-
Purchase of goods and services	6	-	-	-	-	-	-	-
Social security benefits	7	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	6,289,655.17	-	6,289,655.17	-	-	6,289,655.17	6,289,655.17
Transfers to other government entities	9	-	-	-	-	-	-	-
Other grants and transfers and payments	10	600.00	-	600.00	-	-	600.00	600.00
TOTAL PAYMENTS		6,290,255.17	-	6,290,255.17	-	-	6,290,255.17	6,290,255.17
SURPLUS/ (DEFICIT)		43,023,201.23	-	43,023,201.23	-	-	43,023,201.23	43,023,201.23

**Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021**

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




Director General

Name:



Project Implementation Leader

Name:



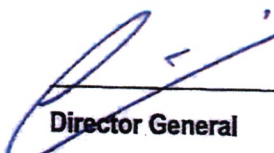
Project Accountant
Name **George Kutto**
ICPAK Member Number: **13016**


**Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021**


7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021

	Note	2020-2021 KSh	2019-2020 KSh
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.A	43,023,201.23	-
Cash Balances	11. B	-	-
Cash Equivalents (short-term deposits)	11.C	-	-
Total Cash and Cash Equivalents		43,023,201.23	-
Accounts Receivables	12	-	-
TOTAL FINANCIAL ASSETS		43,023,201.23	-
FINANCIAL LIABILITIES			
Payables- Deposits and Retentions	13	-	-
NET ASSETS		43,023,201.23	-
REPRESENTED BY			
Fund balance b/fwd	14	-	-
Prior year adjustments	15	-	-
Surplus/(Deficit) for the year		43,023,201.23	-
NET FINANCIAL POSITION		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th Sept 2021 and signed by:


Director General
Date


Project I.T Leader
Date

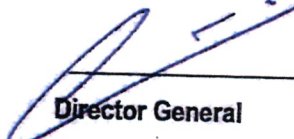

Project Accountant
Date 29/9/2021
ICPAK Member No. 13016

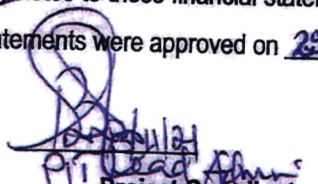
Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021


8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021

	Notes	2021-2021 ETB	2020-2020 ETB
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Transfer from Government entities	1	-	-
Proceeds from domestic and foreign grants	2	-	-
Loans from External Partners	3	49,313,456.40	-
Miscellaneous receipts	4	-	-
Payments from operating activities			
Compensation of employees	5	-	-
Purchase of goods and services	6	-	-
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
Adjustments during the year		600.00	-
Prior Year Adjustments	15	-	-
Decrease/(Increase) in Accounts Receivable	16	-	-
Increase/(Decrease) in Accounts Payable:	17	-	-
Net cash flow from operating activities		49,312,856.40	-
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	6,289,655.17	-
Net cash flows from Investing Activities		6,289,655.17	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalent at BEGINNING of the year	11	43,023,201.23	-
Cash and cash equivalent at END of the year	11	43,023,201.23	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Authority's financial statements were approved on 25th Sept 2021 and signed by:


 Director General
 Date


 Project Coordinator
 Date

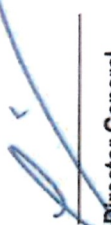

 Project Accountant
 Date 29/9/2021
 ICPAK Member No: 13016


**Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021**


9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget a	Adjustments B	Final Budget e=a+b	Actual on Comparable Basis d	Budget Utilization Difference e-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings	180,000,000.00	-80,000,000.00	100,000,000.00	49,313,456.40	50,686,543.60	49%
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	180,000,000.00	-80,000,000.00	100,000,000.00	49,313,456.40	50,686,543.60	49%
Payments						
Compensation of employees	-	-	-	-	-	-
Purchase of goods and services	173,422,000.00	-80,000,000.00	93,422,000.00	-	-93,422,000.00	0
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	6,576,000.00	-	6,576,000.00	6,289,655.17	286,344.83	96%
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	2,000.00	-	2,000.00	600.00	1,400.00	30%
Total Payments	180,000,000.00	-80,000,000.00	100,000,000.00	6,290,255.17	-93,136,255.17	6.3%

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.


Director General
Date 29/09/2021


Project Team Leader
Date 29/09/2021


Project Accountant
Date 29/09/2021
ICPAK Member No: 13016

10. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.2 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.

10.3 Reporting entity

The financial statements are for the Horn of Africa Gateway Development Project under National Transport and Safety Authority. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.3.1 Reporting currency

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

10.4 Significant Accounting Policies

a) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

b) Donations and grants

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

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

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

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.

h) Accounts receivable

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.

Significant Accounting Policies (Continued)

i) Contingent Liabilities

A contingent liability is:

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

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

The Authority does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 5 of this financial statement is a register of the contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

j) Contingent Assets

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

Significant Accounting Policies (Continued)

k) Pending bills

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

l) 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.

m) 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.

Significant Accounting Policies (Continued)

During the year no loan disbursements were received in form of direct payments from third parties.

n) Exchange rate differences

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

o) 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. The project commenced during the year under review hence no comparative figures are reported.

p) Subsequent events

There has been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2021.

q) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

11. NOTES TO THE FINANCIAL STATEMENTS

1. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2020/21	2019/20	Cumulative to-date (from inception)
	KShs	KShs	
Counterpart funding through Ministry xxx			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
Total (See Annex 2)	=	=	=
Other transfers from government entities			
Ministry xx	-	-	-
Ministry xy	-	-	-
Project zxy	-	-	-
Agency xz	-	-	-
	=	=	=
Appropriations-in-Aid	-	-	-
Total	=	=	=

The Authority did not receive any counterpart funding from the government. Counterpart budget was not provided for in the financial year 2020-21.

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2021 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2020/21 KShs	2019/20 KShs
Grants Received from Bilateral Donors (Foreign Governments)							
Insert name of foreign Government	-					-	-
Grants Received from Multilateral Donors (International Organizations)							
Insert name of international organization	-					-	-
Grants Received from Local Individuals and organizations							
Insert name of individual or local organization	-					-	-
Total	-					-	-

* The Authority did not receive any grant in regards to the HoAGDP during the financial year.

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2021 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
		EUR	KShs	KShs	2020/21	2019/20
Loans Received from Bilateral Donors (Foreign Governments)						
Insert name of foreign Government	-	-	-	-	-	-
Loans Received from Multilateral Donors (International Organisations)						
International Development Association	18.06.2021	375,900	49,313,456.40	-	49,313,456.40	-
Total					49,313,456.40	-

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. MISCELLANEOUS RECEIPTS

	2020/21		20/19/2020		Cumulative to-date (from inception)
	Receipts controlled by the Authority in Cash	Receipts controlled by third parties	Total Receipts	Total Receipts	
	KShs	KShs	KShs	KShs	KShs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	-
Total	=	=	=	=	=

The Project did not receive any miscellaneous receipts during the financial year.

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. COMPENSATION OF EMPLOYEES

	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Authority in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total	-	-	-	-	-

***Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PURCHASE OF GOODS AND SERVICES

	2020/2021			2019/2020	Cumulative to-date
	Payments made by the Authority in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	-	-	-	-	-
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and information supplies	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	-	-
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	-	-	-	-	-

There was no payments in regards to purchase of goods and services

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. SOCIAL SECURITY BENEFITS

	2020/21			2019/20		Cumulative to-date KShs
	Payments made by the Authority in Cash	Payments made by third parties	Total Payments	Total Payments		
	KShs	KShs	KShs	KShs		
Government pension and retirement benefits	-	-	-	-	-	
Social security benefits in cash and in kind	-	-	-	-	-	
Employer social benefits in cash and in kind	-	-	-	-	-	
Total	-	-	-	-	-	

No payment for Social Security Benefits was made during the year.

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF NON-FINANCIAL ASSETS

	2020/21			2019/20	Cumulative to-date
	Payments made by the Authority in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	6,289,655.17	-	6,289,655.17	-	6,289,655.17
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	6,289,655.17	-	6,289,655.17	-	6,289,655.17

The Authority acquired one motor vehicle during the financial year.

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2021, we transferred funds to reporting government entities as shown below:

	2020/21			2019/20	Cumulative to-date
	Payments made by the Authority in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
Ministry	-	-	-	-	-
	-	-	-	-	-
Transfers to County Governments	-	-	-	-	-
County	-	-	-	-	-
	-	-	-	-	-
TOTAL	-	-	-	-	-

The Authority did not transfer any funds to other government entities during the financial year.

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2020/21			2019/20	Cumulative to-date
	Payments made by the Authority in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments/ Bank Charges	600.00	-	-	-	600.00
Total	600.00	-	-	-	600.00

11. CASH AND CASH EQUIVALENTS

	2020/21	2019/20
	KShs	KShs
Bank accounts	43,023,201.20	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Total	43,023,201.20	-

The project has one project account spread in a commercial bank and one foreign currency designated accounts managed by the National Treasury.

11. A Bank Accounts

Project Bank Accounts

	2020/21	2019/20
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya	-	-
Kenya Commercial Bank	-	-
Total Foreign Currency balances	-	-
<u>Local Currency Accounts</u>	-	-
Kenya Commercial Bank [A/c No. 1282371665]	43,023,201.20	-
Total local currency balances	43,023,201.20	-
Total bank account balances	43,023,201.20	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account as at 30th June 2021 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

	2020/21	2019/20
	KShs	KShs
(i) A/C Name [A/c No1000474847]		
Opening balance	-	-
Total amount deposited in the account	654,482,500.00	-
Total amount withdrawn (as per Statement of Receipts & Payments)	49,313,456.40	-
Foreign exchange loss(Unrealised)	12,236,884.95	
Closing balance (as per SDA bank account reconciliation attached)	<u>592,236,158.65</u>	=
Euros 4,624,100 converted at 128.2265		

The funds held were valued at Kshs. 592,932,158.65 based on exchange rate of 128.2265 thereby indicating a loss in value of Kshs. 12,236,884.95. However, this loss is not realised as at 30th June since funds were not received by the Authority.

The Special Deposit Account reconciliation statement has been attached as *Appendix ii* to support these closing balances.

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 B Cash In Hand

	2020/21	2019/20
	KShs	KShs
Location 1	-	-
Location 2	-	-
Other locations	-	-
Total cash balances	=	=

11 C Cash equivalents (short-term deposits)

	2020/21	2019/20
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	-	-
Others	-	-
Total	=	=

12. ACCOUNTS RECEIVABLES

<i>Description</i>	2020-2021	2019-2020
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
Total	-	-

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12B: BREAKDOWN OF IMPRESTS AND ADVANCES

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2021</i>	<i>Balance 2020</i>
<i>Officer 1</i>	-	-	-	-	-
<i>Xx institution</i>	-	-	-	-	-
<i>Officer 2</i>	-	-	-	-	-
Total	=	=	=	=	=

13. ACCOUNTS PAYABLES

Description	2020-2021	2019-2020
	Kshs	Kshs
Retention	-	-
Tax on Motor Vehicle Purchased	-	-
Deposits	-	-
Total	-	-

14. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	-	-

***Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2019/2020 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

There was no prior year adjustment since the project came into existence during this financial year.

16. CHANGES IN RECEIVABLE

Description of the error	2020-2021	2019-2020
	KShs	KShs
Opening Receivables as at 1 st July 2020	-	-
Closing account receivables as at 30 th June 2021	-	-
Change in Receivables	-	-

17. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2020-2021	2019-2020
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2020	-	-
Closing accounts payables as at 30 th June 2021	-	-
Change in payables	-	-

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

12. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	(-)	-
Construction of civil works	-	-	(-)	-
Supply of goods	-	110,344.83	-	110,344.83
Supply of services	-	-	(-)	-
Total	-	110,344.83	(-)	110,344.83

2. PENDING STAFF PAYABLES (See Annex 3B)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	(-)	-
Middle management	-	-	(-)	-
Unionisable employees	-	-	(-)	-
Others	-	-	(-)	-
Total	-	-	(-)	-

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

OTHER IMPORTANT DISCLOSURES (Continued)

3. OTHER PENDING PAYABLES (See Annex 3C)

	Balance b/FY 2020/2021	Additions for the period	Paid during the year	Balance c/fFY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	(-)	-
Amounts due to County Government entities	-	-	(-)	-
Amounts due to third parties	-	-	(-)	-
Total	-	-	(-)	-

4. EXTERNAL ASSISTANCE

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

OTHER IMPORTANT DISCLOSURES (Continued)

a). External assistance relating loans and grants

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c) classes of providers of external assistance

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

OTHER IMPORTANT DISCLOSURES (Continued)

d. non-monetary external assistance

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Goods	-	-
Services	-	-
Total	-	-

e Purpose and use of external assistance

Payments Made by Third Parties	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.

***Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

OTHER IMPORTANT DISCLOSURES (Continued)

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

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

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

The project commenced during the financial year 2020/21 and therefore has not been audited before.

14. ANNEXES

ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	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	-	-	-	-	
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings	100,000,000.00	49,313,456.40	50,686,543.60	49%	The absorption was slow since the process of on-boarding various contractors began during the last quarter of the FY2020-21
Miscellaneous receipts	-	-	-	-	
Total Receipts	100,000,000.00	49,313,456.40	50,686,543.60	49%	
Payments					
Compensation of employees	-	-	-	-	
Purchase of goods and services	93,922,000.00	-	-93,922,000.00	0	The absorption was slow since the process of on-boarding various contractors began during the last quarter of the FY2020-21
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	6,576,000.00	6,289,655.17	286,344.83	96%	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	2,000.00	600.00	1,400.00	30%	
Total payments	100,000,000.00	6,290,255.17	93,135,255.17	6.3%	

***Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

ANNEX 3B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Permanent Employees - Management							
1.	-	-	-	-	-	-	
2.	-	-	-	-	-	-	
Sub-Total		-			-	-	
Permanent Employees - Others							
3.	-	-	-	-	-	-	
4.	-	-	-	-	-	-	
Sub-Total		-			-	-	
Temporary employees							
5.	-	-	-	-	-	-	
6.	-	-	-	-	-	-	
Sub-Total		-			-	-	
Others (specify)							
7.	-	-	-	-	-	-	
8.	-	-	-	-	-	-	
Sub-Total		-			-	-	
Grand Total		-			-	-	

*Horn of Africa Gateway Development Project
 Reports and Financial Statements
 For the financial year ended June 30, 2021*

ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Description	Original Amount	Date Contracted	Payable Amount Paid To-Date	Outstanding Balance 20xx	Outstanding Balance 20xx	Comments
Amounts due to National Govt Entities							
1.	-	-	-	-	-	-	
2.	-	-	-	-	-	-	
Sub-Total		-			-	-	
Amounts due to County Govt Entities							
3.	-	-	-	-	-	-	
4.	-	-	-	-	-	-	
Sub-Total		-			-	-	
Amounts due to Third Parties							
5.	-	-	-	-	-	-	
6.	-	-	-	-	-	-	
Sub-Total		-			-	-	
Others (specify)							
7.	-	-	-	-	-	-	
8.	-	-	-	-	-	-	
Sub-Total		-			-	-	
Grand Total		-			-	-	

*Horn of Africa Gateway development Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Opening Cost (KShs) 2020/21 (a)	Donations in form of assets (KShs) 2020/21 (b)	*Purchases/ Additions in the Year (KShs) 2020/21 (c)	**Disposals in the Year (KShs) 2020/21 (d)	Transfers in/(out) Kshs 2020/21 (d)	Closing Cost (KShs) 2021 (e)= (a)+ (b)+c-(d)+(-)d
Land	-	-	-	-	-	-
Buildings and structures	-	-	-	-	-	-
Transport equipment	-	-	6,400,000.00	-	-	6,400,000.00
Office equipment, furniture and fittings	-	-	-	-	-	-
ICT Equipment,	-	-	-	-	-	-
Other Machinery and Equipment	-	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Infrastructure assets roads, rails	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Work in Progress	-	-	-	-	-	-
Total			6,400,000.00			6,400,000.00

Notes

* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments


ANNEX 5 – CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Estimated Amount Kshs	Expected date of payment	Remarks
1	-	-	-	-	-
2	-	-	-	-	-
3	-	-	-	-	-

APPENDICES

- i. Bank Reconciliations statement as at 30th June 2021
- ii. Special Deposit Account(s) reconciliation statement(s)

Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021

 NATIONAL TRANSPORT & SAFETY AUTHORITY	
SUMMARY BANK RECONCILIATION REPORT	
BANK & BRANCH : <i>KCB-Capital Hill</i>	
ACCOUNT NAME : <i>KCB Word Bank HoAGDP</i>	
ACCOUNT NO. : <i>1282371665</i>	
PERIOD : <i>June 2021</i>	
PARTICULARS	Kshs
Bank statement Balance as at	43,023,201.20
Add :	
Receipts in Cash Book not in Bank Statement	-
Payments in bank statement not in cashbook	-
SUB-TOTAL	-
Less:	
Receipts in Bank Statement not in Cash Book	-
Unpresented Cheques	-
SUB-TOTAL	-
Adjusted Bank Balance	43,023,201.20
Balance as per Cash Book	43,023,201.23
Difference	(0.03)
Prepared By: <i>Chris Kampha</i>	Designature: <i>Fu</i>
Signature: <i>[Signature]</i>	Date: <i>08/07/2021</i>
Reviewed By: <i>Bernard L</i>	Designature: <i>PRO-R&TM</i>
Signature: <i>[Signature]</i>	Date: <i>8th July 2021</i>
Approved By: <i>Elizabeth</i>	Designature: <i>[Signature]</i>
Signature: <i>[Signature]</i>	Date: <i>10/7/21 MF</i>

Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021

9

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT - NTSA
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2021

Credit No.: IDA LOAN CREDIT NO.67680-KE (DA-D)
 Bank Account No.: 1000474847 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		5,000,000.00
Less:			
2	Total amount documented		-
3	Outstanding amount to be documented		5,000,000.00
Represented by:			
4	Ending Special account Balance as as 30 June 2021		4,624,100.00
5	Amounts claimed but not credited as at 30 June 2021		-
6	Amounts withdrawn and not claimed		375,900.00
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2021		5,000,000.00

Discrepancy between total appearing on line 3 and 9

-

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures


 AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 30.07.2021

Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2021

94

SPECIAL ACCOUNT STATEMENT	
For period ending	30TH JUNE, 2021
Account No.	1000474847
Depository Bank	CENTRAL BANK OF KENYA
Address	CBK
Related Loan	HOFGDP-NTSA
Credit Agreement	
Currency	EUR
Part A - Account Activity	
Beginning balance of 1st July, 2020 as per C.B.K. Ledger Account	-
Add:	
Total Amount deposited by World Bank	5,000,000.00
Total Interest earnings if deposited in account	-
Total amount refunded to cover ineligible expenditure	-
Deduct:	
Total amount withdrawn	375,900.00
Total service charges if not included above in amount withdrawn	-
Ending balance on 30th June, 2021	4,624,100.00
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: _____
	DATE _____
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: _____
	DATE _____

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2021 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Handwritten marks and symbols in the top right corner, including a small circle and several illegible characters.