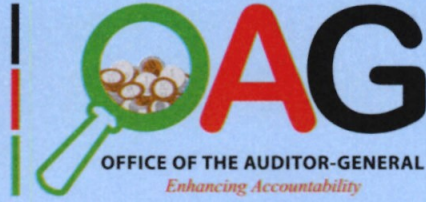


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 01 APR 2026

DAY.

WEDNESDAY

OF

TABLED
BY:

HON. DR. ROBERT PAKDEE, MP

CLERK-AT
THE-TABLE:

CHRISTINE NDIRITU

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

ROAD MAINTENANCE LEVY FUND

FOR THE YEAR ENDED

30 JUNE, 2025

KENYA NATIONAL HIGHWAYS

AUTHORITY

OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
RECORDS OFFICE
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Kenya National Highways Authority

Quality Highways, Better Connections

KENYA NATIONAL HIGHWAYS AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR ROAD MAINTENANCE LEVY FUND

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Report and Financial Statements for Road Maintenance Levy Fund
For the year ended 30th June 2025

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1 Key Entity Information and Management

(a) Background information

The Authority was established vide the Kenya Roads Act, 2007. The Authority is under the State Department of Roads in the Ministry of Roads and Transport for the general policy and strategic direction.

(b) Principal Activities

The principal activity/mission of the Authority is to develop and manage quality and adequate national trunk roads through innovation and optimal utilization of resources for sustainable development.

(c) Key Management

The Authority's day-to-day management is under the Director General who is an *ex officio* member of the Board of Directors and Secretary to the Board.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Eng. Kungu Ndungu
2.	Director, Public, Private Partnership	Eng. Charles Obuon
3.	Director, Development	Eng. Henry Gakuru
4.	Director, Maintenance	Eng. Daniel Cheron
5.	Director, Corporate Services	CPA James Bowen
6.	Director, Planning, Research & Compliance	Eng. Njuguna Gatitu
7.	Director, Highway Design & Safety	Eng. Ezekiel Fukwo
8.	Director, Audit Services	Dr. CPA Sammy Kimunguyi (<i>Retired 31st December 2024</i>)
9.	Ag. Director, Audit Services	CPA Stephen Musyoka (<i>Appointed 1st January 2025</i>)
10.	Corporation Secretary/Deputy Director, Head Legal Services	Ms. Norah Odingo-Kajwang'
11.	Deputy Director, Head Supply Chain Management	Ms. Levina Wanyonyi

(e) Fiduciary Oversight Arrangements

No.	Designation	Name
1	Chairperson (non-executive)	Ms. Winfrida W. Ngumi
2.	Director	Mr. Protus Sigei, Alternate to CS National Treasury
3.	Director	FCPA. Julius W. Mwatu
4.	Director	Eng. Nicholas Musuni, Alternate to PS Roads
5.		Mr. John Nyaoko Morte Mose

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	Director	Director – Alt. to PS (Transport)
6.	Director	Eng. Kennedy Sumbeiywo
7.	Director	Dr. Benjamin Ouma Mware
8.	Director	Ms. Rosemary Wanjiku Thiong’o

The Authority’s Board of Directors constituted four Board Committees namely;

- 1) The Finance, Strategy and Risk Committee,
- 2) The Audit and Governance Committee,
- 3) The Human Resource and General Purpose Committee and
- 4) The Technical, Procurement and Disposal Oversight Committee.

The Finance, Human Resource and General Purpose Committee and the Audit, Risk and Governance Committee are responsible for the fiduciary oversight of the Authority.

Their key responsibilities are outlined below:

i) Finance, Strategy and Risk Committee

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board’s approval;
- 1) Quarterly Financial Performance reports, Quarterly Financial Statements & any other Financial Performance reports.
 - 2) Any revisions of the Financial Policies, Guidelines & Procedures.
 - 3) Estimates of the Income & Expenditure of the Authority for the next Financial Year.
 - 4) Supplementary budget estimates prior to the end of the financial year.
 - 5) Special funding proposals including borrowings and grants and related reports.
 - 6) Proposals for opening bank accounts, banking facilities in general and any changes to operational mandates.
 - 7) Proposals for write offs/write back of significant losses and /or accounting differences.
 - 8) Proposals for investments and their returns
 - 9) Oversee systems and procedures in place to ensure all expenditures are within the approved budgets, the authority keeps proper books of accounts and records of its transactions and proper records of assets and liabilities are maintained.
 - 10) To advise the Board on investments and borrowings, the policy on grants, loans or other payments to or by the Authority, contingent liabilities resulting from exposure from legal cases and effective and efficient strategies for Finance and Accounts Department
 - 11) Risk management policy and risk appetite framework for the Authority
 - 12) Quarterly reports on key risks that the Board needs to consider in detail and provide assurance to the board that they are being effectively identified, quantified and mitigated.
 - 13) The extent to which the Authority operates within the risk appetite and tolerance levels set out.
 - 14) Crystallization of the risks and triggers of crisis management
 - 15) Report on Business Continuity and Recovery
 - 16) The Authority’s Strategic Plan
 - 17) Reports on the implementation of the Performance Contract

KENYA NATIONAL HIGHWAYS AUTHORITY

Annual Report and Financial Statements for Road Maintenance Levy Fund

For the year ended 30th June 2025

- 18) Reports on the implementation of the Strategic Plan
- 19) Report on the Authority's performance and sustainability
- 20) Annual performance report
- 21) Performance of Quality Management System
- 22) Report on Business Process Re-engineering
- 23) Report on the implementation of policies and
- 24) Reports on Authority's Research, Knowledge Management and Business Development Initiatives

ii) Audit and Governance Committee

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
 - 1) Significant financial reporting issues and judgements made in connection with the preparation of the Authority's financial statements. This should be done prior to submission of financial statements to external auditors.
 - 2) Appointment and termination of the Director Audit services,
 - 3) Sanction transfers into and out of the Directorate of Audit Services at all levels,
 - 4) Assess the performance of the Director, Audit services
 - 5) Facilitate direct access of the Director, Audit Services to the Board Chairman
 - 6) The annual internal audit work plan
 - 7) Annual Internal Audit work plan, budget and the Directorate of Audit Services training plan
 - 8) Reports on results of Internal audit work
 - 9) Management responses to internal audit findings and recommendations
 - 10) Authority's financial statements prior to submission to the Auditor General's Office
 - 11) Management letters and the adequacy of management responses prior to submission
 - 12) Whistleblowing arrangements
- Ensure that;
 - 1) Unsettled and unimplemented Public Investment Committees' (PIC) issues are resolved,
 - 2) There is clarity of disclosure in financial reporting and the presentation of a balanced and understandable assessment of the Authority's financial position;
 - 3) Recommendations of the Auditor General are implemented.
 - 4) Integrity of the financial statements of the Authority is maintained at all times
 - 5) Disagreements between management and any auditor regarding the Authority's financial reporting are resolved
 - 6) Special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency are conducted

iii) Human Resource and General Purpose Committee

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
 - 1) Quarterly departmental reports for Human Resource Management, Corporation Secretary / Legal Services, ICT, Administrative Services, Corporate Communication and Monitoring of performance and change management.

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Annual Report and Financial Statements for Road Maintenance Levy Fund

For the year ended 30th June 2025

- 2) Staff terms and conditions of service including mortgages and pension scheme
- 3) Funding arrangements for the staff mortgage scheme
- 4) Corporate Staff recognition and reward policy
- 5) Appointments and discipline of Staff in line with the schedule of delegated powers;
- 6) Major changes in the Organizational structure
- 7) Any revisions of the Human Resource Policy and Procedures Manual
- 8) Any revisions of the Administration Services Policies and procedures
- 9) Legal Services Policies and Procedures Manual
- 10) ICT Policies and Procedures developed by Management;
- 11) Business Continuity and Planning Procedures and Policies
- 12) Annual Corporate Social Responsibility activities and their budgets
- 13) Administrative Services Policies and Procedures Manuals

Advise and guide the Management on: -

- i). Organizational Development and Change Management,
- ii). Promotion of corporate business culture through ensuring an enabling environment for organizational effectiveness and continuous improvement,
- iii). Effective and efficient strategies for human resource management including recruitment planning, training & development, retention, and performance management,
- iv). Appropriate corporate communication strategies,
- v). Appropriate legal strategies,
- vi). Appropriate organizational administrative strategies,
- vii). Appropriate ICT strategies.
- viii). Monitoring of performance and change management.

iv) Technical, Procurement and Disposal Oversight Committees

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
 - 1) The Authority's Consolidated Annual Procurement and Disposal Plans
 - 2) Revision of the approved Consolidated Procurement Plans.
 - 3) All awarded contracts to ensure statutory and policy compliance.
 - 4) Periodic reports on the implementation of the procurement plan.
 - 5) Periodic reports on the statutory and policy compliance of the procurement function.
 - 6) Quarterly procurement performance reports.
 - 7) Advance briefs on all strategic procurements.
 - 8) Reports on development projects.
 - 9) Report on claims management in project.
 - 10) Report on Public-Private Partnerships.
 - 11) Report on road safety.
 - 12) Report on design projects.
 - 13) Report on structures projects.
 - 14) Report on Survey and road asset management.
 - 15) Report on maintenance of national trunk roads.
 - 16) Report on axle load control.
 - 17) Report on Management of roadside developments.
 - 18) KeNHA Annual Public Roads Program (APRP)

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- 19) Report on road condition and inventory Survey.
- 20) Report on quality assurance in road projects.
- 21) Report on Monitoring and Evaluation of projects.
- 22) Report on complaint resolution and customer satisfaction.

v) Office of the Auditor General

The Annual Report and Financial Statements of the Kenya National Highways Authority are audited in accordance with Article 229 *sub article 7* of the Constitution of Kenya and Section 35 of the Audit Act 2015

vi) Kenya Road Board (KRB)

KRB has a mandate to ensure prudent Road Fund Management in the provision of a quality, efficient and sustainable road network. The Board oversee and coordinate Road Maintenance, Rehabilitation and development through Optimal Utilization of resources for a sustainable Road Network. Some of the key responsibilities include;

- i) Co-ordinate the optimal utilization of the Fund in implementation of programs relating to the maintenance, rehabilitation and development of the road network;
- ii) Seek to achieve optimal efficiency and cost effectiveness in road works funded by the Fund;
- iii) Manage the fund;
- iv) Based on five-year road investment program approved by the Cabinet Secretary and the Cabinet Secretary for Finance, determine the allocation of financial resources from any other source available to the Board required by road agencies for the maintenance, rehabilitation and development of the road network to ensure that the allocation of funds is pegged to specific categories of roads.
- v) Monitor and evaluate, by means of technical, financial and performance audits, the delivery of goods, works and services funded by the Fund;
- vi) Recommend to the Cabinet Secretary appropriate levels of road user charges, fines, penalties, levies or any sums required to be collected under the Road Maintenance Levy Fund Act, 1993 and paid into the Fund;
- vii) Recommend to the Cabinet Secretary such periodic reviews of the fuel levy as are necessary for the purposes of the Fund;
- viii) Identify, quantify and recommend to the Cabinet Secretary such other potential sources of revenue as may be available to the Fund for the development, rehabilitation and maintenance of roads.

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Annual Report and Financial Statements for Road Maintenance Levy Fund
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- ix) To conduct financial management supervision and offer project implementation support
- x) Review of quarterly Interim Financial Reports
- xi) Commission independent auditors to undertake financial and technical review of projects they have financed.

(vii) The Public Investments Committee (PIC) and Special Funds Accounts Committee (SFAC)

These are Parliamentary Select Committees charged with the responsibility of examining the activities of state agencies. They receive audit reports from the Clerk of the National Assembly who in turn would have received them from the Authority.

Its key responsibilities as appertain to the Authority are to: -

- 1) Examine the Reports of the Auditor General on the financial statements of the Authority,
- 2) Examine, in the context of the autonomy and efficiency of the public investments,
- 3) Examine whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.

Within three months after receiving the PIC and SFAC report, Parliament shall debate and consider the report and take appropriate action.

(f) Kenya National Highways Authority Headquarters
Barabara Plaza, Jomo Kenyatta International Airport (JKIA),
Off Mazao Road
P.O. Box 49712 - 00100
Nairobi, Kenya

(g) Kenya National Highways Authority Contacts
Telephone: (254) 02 8013842
E-mail: dg@kenha.co.ke
Website: www.kenha.co.ke

(h) Kenya National Highways Authority Bankers'

1. KCB Bank Ltd
Moi Avenue Branch
P.O Box 30081 -00100
Nairobi, Kenya

2. Co-operative Bank of Kenya Ltd
Upper Hill Branch
P.O Box 30415-00100
Nairobi, Kenya

3. National Bank of Kenya
Hill Plaza Branch
P.O. Box 45219 - 00100
Nairobi, Kenya

4. NCBA Bank Plc
NCBA House
P.O Box 44599 - 00100
Nairobi, Kenya





5. Equity Bank Limited
Equity Centre Branch
P.O Box 75104 - 00200
Nairobi, Kenya

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For the year ended 30th June 2025

- (i) **Independent Auditors**
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112 - 00200
Nairobi, Kenya

KENYA NATIONAL HIGHWAYS AUTHORITY
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For the year ended 30th June 2025





2. The Board of Directors

Director	Brief Profile
 <p>1. Ms. Winfrida W. Ngumi Chairperson</p>	<p>Date of Birth: 22nd December, 1974 Bachelor of Architecture (Hons) Member of the Kenya Association of Manufacturers and the Kenya Private Sector Alliance. 20 years of experience in the building, construction and manufacturing industry.</p>
 <p>2. FCPA. Julius W. Mwatu Director (Independent) Chair of the Finance, Strategy & Risk Committee</p>	<p>Date of Birth: 9th December, 1972 Master of Business Admin. (Finance) Bachelor of Science (Statistics) Professional Membership: Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Secretaries (ICS), Institute of Certified Investment & Financial Analysts (ICIFA) 22 years of experience specialising in audit, tax, finance, and integrated reporting.</p>
 <p>3. Mr. Protus Sigei Director – Alt. to CS (National Treasury & Planning)</p>	<p>Date of Birth: 1st December 1965 Master of Science. Bachelor of Arts (Hons) Economics (with Mathematics) Professional Membership: Graduate of the Australian Institute of Company Directors (GAICD) 23 years of experience in Board directorship. Member of the Society for Benefit-Cost Analysis</p>
 <p>4. Eng. Nicholas Musuni Director-Alternate to PS (Roads)</p>	<p>Date of Birth: 5th March, 1979 Bachelor of Science (Civil Engineering) Training in leadership, corporate governance, project management and arbitration. Professional Membership: Member of the Institution of Engineers of Kenya (IEK) Registered Professional Engineer with Engineers Board of Kenya 18 years of Management experience</p>


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Director	Brief Profile
 <p>5. Mr. John Nyaoko Morte Mose Director – Alt. to PS (Transport)</p>	<p>Date of Birth: 2nd January 1980 Master of Arts in Economics Bachelor of Arts in Economics Professional Membership: Member of the Economist Society of Kenya 12 Years of Management experience</p>
 <p>6. Eng. Kennedy Sumbeiywo Director (Independent)</p>	<p>Date of Birth: 30th December 1981 Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya (IEK)</p>
 <p>7. Dr. Benard Ouma Mware Director – (Independent)</p>	<p>Date of Birth: 7th August 1980 <i>PhD</i> Professional Membership: Member of the Kenya Australia Alumni Association. <i>(Appointed 24th November 2023)</i></p>
 <p>8. Ms. Rosemary Wanjiku Thiong'o Director – (Independent)</p>	<p>Date of Birth: 24th October 1991 Post Graduate Diploma Bachelor of Law (Hons) Professional Membership: Law Society of Kenya <i>(Appointed 24th November 2023)</i></p>

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Director	Brief Profile
 <p>9. Eng. Kungu Ndungu Director General</p>	<p>Date of Birth: 18th October 1972 Executive Master of Business Administration Bachelor of Science (Civil Engineering) Registered Professional Engineers Board of Kenya, Professional Membership: Member of the Institution of Engineers of Kenya (IEK) <i>Member of the Kenya Institute of Management (MKIM)</i> <i>27 Years of Management Experience</i></p>

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3. Key Management Team

Manager	Brief Profile
 <p>1. Eng. Kungu Ndungu Director General</p>	<p>Date of Birth: 18th October 1972 Executive Master of Business Administration Bachelor of Science (Civil Engineering) Registered Professional Engineers Board of Kenya, Professional Membership: Member of the Institution of Engineers of Kenya (IEK) Member of the Kenya Institute of Management (MKIM), 27 Years of Management experience</p>
 <p>2. Eng. Charles Obuon Director – Public, Private Partnership</p>	<p>Date of Birth: 20th November, 1972 Master of Philosophy in Civil and Structural Engineering (Water Engineering) Bachelor of Technology and Structural Engineering Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya 25 years of Management experience</p>
 <p>3. Eng. Henry Gakuru Director, Development</p>	<p>Date of Birth: 22nd September, 1970 Master of Science (Project Management) Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya 8 years of Management experience</p>
 <p>4. Eng. Daniel Cherono Director, Maintenance</p>	<p>Date of Birth: 17th September, 1977 Master of Laws, (Construction Law, Arbitration and Adjudication) Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya 12 years of Management experience</p>

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Manager	Brief Profile
 5. CPA. James K. Bowen Director, Corporate Services	Date of Birth: 1 st January, 1973 Master of Business Administration, Bachelor of Commerce (Accounting) Professional Membership: Certified Professional Credit Manager (CPCM), Certified Public Secretary (CPS K), Certified Public Accountant (CPAK) Professional Membership: Member of ICPAK and ICPSK 26 years of Management experience
 6. Eng. Njuguna Gatitu Director, Planning, Research & Compliance	Date of Birth: 1965 Bachelor of Science (Civil Engineering) Post Graduate Diploma in Computer Science Professional Membership: Member of the Institution of Engineers of Kenya 33 years of Management experience
 7. Eng. Ezekiel Fukwo Director, Highway Design & Safety	Date of Birth: 16 th August, 1976 Master of Arts (Project Planning and Management) Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya Corporate Member of the Institution of Engineers of Kenya (IEK)- 17 years of Management experience
 8. CPA. Stephen Musyoka Ag. Director, Audit Services	Date of Birth: 22 nd March 1980 Master of Business Administration Bachelor of Science (Mechanical Engineering) Certified Government Auditing Professional (CGAP) Certified Public Accountant (CPAK) Certified Internal Auditor (CIA) Certification in Managing Projects – George Washington University. Professional Membership: Member of ICPAK, IAA, EBK, CGAP and IEK 20 years of Management experience

KENYA NATIONAL HIGHWAYS AUTHORITY
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Manager	Brief Profile
 <p>9. Ms. Norah Odingo-Kajwang' Corporation Secretary/Deputy Director, Head of Legal Services</p>	<p>Date of Birth: 27th April 1969 Master of Business Administration Bachelor of Laws Registered Advocate of the High Court of Kenya Professional Membership: Member of the Law Society of Kenya Member of the Certified Public Secretaries of Kenya 28 years of Management experience</p>
 <p>10. Ms. Levina Wanyonyi Deputy Director, Head of Supply Chain Management.</p>	<p>Date of Birth: 13th February 1972 Master of Business Administration Bachelor of Science Professional Membership: Kenya Institute of Supplies Management, The Chartered Institute of Purchasing & Supply Institute for Management of Information Systems 26 Years of Management experience.</p>
 <p>11. Dr. CPA. Sammy Kimunguyi Director, Audit Services</p>	<p>Date of Birth: 22nd September, 1980 Doctor of Philosophy in Business Management Master of Arts in Project Planning & Management Bachelor of Education Professional Membership: Certified Information Systems Auditor (CISA) Certified Fraud Examiner (CFE) Certified Public Accountant (CPA) Certified Information System Auditor (CISA) Professional Membership: Member of ICPAK, ISACA, CFE 16 years of Management Experience <i>(Retired 31st December 2024)</i></p>

I. Chairperson's Statement

It gives me great pleasure to present the Chairman's Statement for the FY 2024/2025. This year, our focus remained steadfast on improving and safeguarding our road infrastructure to support economic growth, enhance mobility, and promote road safety.

We successfully maintained 10,648.88 kilometers of roads, ensuring consistent accessibility and minimizing disruptions to transport services across the network. This was achieved through maintaining 162.88 Km through periodic maintenance; maintaining 2,619Km through routine maintenance, and maintained 7867Km through performance-based contracts. In addition, significant progress was registered in the construction of new bridges and underpasses. The physical progress at the end of the Financial Year, the Green Park Underpass was at 91%, and the Malakisi Bridge at 61%, Footbridge at Juja Highpoint at 92% and three pedestrian overpasses along Athi River - Museum Hill- James Gichuru Junction A8 Road at 65%. Once completed, the footbridges will enhance pedestrian safety and improve traffic flow. Further the bridges will greatly ease connectivity. We also ensured the maintenance of four existing bridges, reinforcing our commitment to infrastructure sustainability.

Operational efficiency was further demonstrated through our management of five (5) static weighbridges clusters, which play a critical role in preserving road quality by monitoring axle loads. Further, we managed to successfully complete the construction of the static weighbridge at Kanyonyo along A3 Thika Garissa Road. To enhance stakeholder collaboration, we conducted four (4) quarterly stakeholder engagements aimed at curbing road encroachments and promoting responsible land use along road corridors.

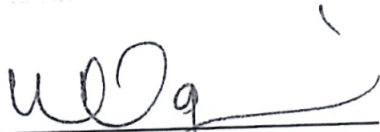
In support of road infrastructure maintenance, we also successfully initiated engineered gravelling of two new roads, Constructed 60 Km of Banisa – Kukuba – Danaba road and 70 Km of Rhamu – Olla – Banisa road. The construction of the two roads aims at contributing directly to improved access and economic development in those regions. Additionally, we undertook a comprehensive bridge and condition survey inventory, enabling data-driven decision-making in future planning and maintenance.

Safety remained critical at the core of our strategy. We installed guard rails, road signs and road markings, key interventions in reducing road accidents and enhancing user awareness. To protect and formalize our road assets, we updated 670 kilometers of road corridor data into the GIS database, a crucial step in strengthening corridor security and promoting proper planning.

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In line with global efforts towards sustainability, In the financial year 2024/2025, KeNHA enhanced its sustainability agenda by fostering partnerships with key stakeholders such as the Kenya Forest Service (KFS), County Governments, and local communities. These collaborations have been instrumental in implementing tree-planting programmes, establishing regional tree nurseries, and integrating climate action into Performance-Based Contracts (PBCs).

I extend my sincere appreciation to all our stakeholders, staff, and partners for their continued support and dedication. Together, we are building resilient, safe, and efficient road infrastructure.



Ms. Winfrida W. Ngumi
CHAIRPERSON OF THE BOARD OF DIRECTORS

KENYA NATIONAL HIGHWAYS AUTHORITY
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4. Report of the Director General

The Kenya National Highways Authority is mandated to develop, manage, and maintain National Trunk roads classified as Class A, B, and S. The Authority aims to provide a safe, resilient, and adequate Trunk Road Network and foster sustainable development throughout the country. The total road network under the Authority's jurisdiction is approximately 23,693 km, of which 8,279 km are Class A, 15,084 km are Class B, and 365 km are Class S. This report, prepared as per section 44 of the Roads Act 2007, provides a comprehensive insight into our financial position as of 30th June 2025. We operated with a total allocated budget of KES 40,398,434,733 in the Financial Year, a clear demonstration of our unwavering commitment to transparency and accountability.

Our 4th Cycle Strategic Plan, which is the cornerstone of our interventions, is designed to align with the nation's strategic goals. It is centered around five key result areas: Providing adequate infrastructure, Maintaining the road network's functionality and durability, increasing effectiveness and efficiency in operations, enhancing environmental and social sustainability, and improving capability in the development and management of National Trunk Roads.

The Authority remained committed to providing adequate infrastructure by developing 91.96 Km under construction, rehabilitation and capacity enhancement programs against the target of 135 Km. In its pursuit to ensure the road network maintains its functionality and durability, the Authority maintained 14,084 Km of the road network, which comprised periodic maintenance of 149.6 Km against the targeted 117.5 Km, routine maintenance of 5,008 Km against a target of 6,400 Km and performance-based maintenance of 8,926 Km against the target of 9,094 Km. These achievements are a testament to our dedication to the country's development.

The Authority completed the construction of Kericho and Ahero Interchanges, designed 145 km of road, which includes Kericho Northern Bypass and North Horr – Jn Daradhe Ap Camp, mapped 924 Km of the road reserve corridor on the Authority's GIS database against a target of 1,000 Km, and undertook a cadastral survey for 450 Km of the road reserve corridors against a target of 500 Km. Our unwavering commitment to road safety is a key priority in achieving the efficiency and effectiveness on our road infrastructure. Over the period, we installed 35,572 metres of guard rails, marked 747 Km of yellow centre and 1,407 Km of edge white. Additionally, we installed 31,171 cat eyes and 2,315 road signs. To ensure inclusivity and address stakeholder needs, we completed engineering designs for eight footbridges at Clay Works, Kihunguro (Ruiru), Juja Mona Park, Sigalagala, Masinde Muliro, Embu Referral Hospital, Pwani University and Swaminarayan.

The Authority actively engaged in the climate adaptation change makers school conference at UON. To foster environmental and social sustainability, the Authority successfully planted 210,334 trees, surpassing the initial target of 75,000 trees, and rehabilitated 67% of material sites. Additionally, the Authority completed and submitted three Environmental and Social Impact Assessment (ESIA) studies and four environmental audits on development projects and submitted reports to NEMA.

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KeNHA held its inaugural Knowledge Sharing Conference and launched its Innovation Portal and Knowledge Sharing Repository. Over the year, two knowledge-sharing forums were held, aligning with the strategic objective of Science, Technology, and Innovation. Moreover, the Authority bolstered knowledge transfer, coaching, and mentorship by facilitating 420 internships, exceeding the annual target of 380.

During the fiscal year of 2023/2024, the Authority commenced the process of enhancing workplace productivity and implemented the Corporate Balanced Scorecard Performance Management System. Steps were taken to foster accountability and transparency in public administration by establishing Grievance Redress Mechanisms in three new road development projects and ensuring the engagement of stakeholders in all ongoing projects.

To ensure equitable access to Government Procurement Opportunities (AGPO), the Authority awarded goods and services worth KES 1,651.7 million to special groups, slightly below the annual target of KES 1,737 million. Contracts totaling KES 13.9 billion were granted to local contractors and suppliers, surpassing the target of KES 4.7 billion, thereby promoting local content in projects. The Authority operates eleven (11) static weighbridge stations and twenty-three (23) Virtual Weighbridge Stations along the National Trunk Road Network to monitor and enforce compliance with Axle Load Control guidelines. Mobile weighbridge stations are also operated to enhance compliance with axle load standards.

The Authority faces several challenges in fulfilling its mandate, including the high costs of maintaining aged pavements, inadequate budget for road infrastructure development, insecurity in project zones and climate change. The Authority has taken various measures, such as partnering with the private sector in development and maintenance of roads, applying timely maintenance to preserve the national trunk road network.

I would like to extend my heartfelt appreciation to the Board of Directors for their invaluable oversight and guidance. I also commend our dedicated staff for their tireless efforts in fulfilling our mandate. Furthermore, I am grateful to the Government, particularly the Ministry of Road and Transport and the National Treasury, and our Development Partners for their crucial funding of ongoing projects and programs. Finally, I sincerely thank all other stakeholders for their significant contributions toward enhancing the national trunk road network.



Eng. Luka Kimeli
Ag. DIRECTOR GENERAL

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II. Statement of Performance Against Predetermined Objectives for FY 2024/2025

During the year, the Authority implemented projects and programmes as outlined in the 2023–2027 Strategic Plan, which is aligned with the Kenya Vision 2030, MTP IV, and the road sector investment plan. The Authority focused on delivering its mandate in line with the five Key Result Areas identified in its Strategic Plan, key achievements include:

Key Performance Indicator	Activities	Achievement
KRA 1: Planning and Development		
Strategic Objective: To enhance the capacity of the National Trunk Road Network		
Length in km of road constructed/improved to all-weather standard	Development (Construction, Rehabilitation and Capacity enhancement) of the road network.	104.475 Km constructed
Length in kilometres of highways designed	Design on priority regional roads	176 Km designed.
Number of highway bridges constructed	Design and construct bridges on priority regional roads	Construction of 6 No. Bridges ongoing. Green Park Underpass is substantially complete. Finalised the detailed engineering design for Seiya Bridge.
No. of footbridges constructed	Design and construction of footbridges on priority regional roads	Construction of 4 No. Footbridges ongoing. Juja Highpoint (Centurion) Footbridge is substantially complete. Finalised the detailed engineering design 2 No. Footbridges (Makenji and Sabaki)
KRA 2: Road Asset Management		
Strategic Objective: To secure and preserve the National Trunk Road and the Authority's Assets		
Number of road reserve marker posts installed.	Install and maintain road reserve marker posts.	Installed 3,626 road marker posts.
Length of National Trunk Roads in km under routine maintenance.	Undertake routine maintenance of National Trunk Roads	Maintained 2,619.04 Km through routine maintenance
Length of National Trunk Roads in Km under periodic maintenance.	Undertake Periodic maintenance of National Trunk Roads	Maintained 162.9 Km through periodic maintenance
Length of National Trunk Roads in KM under PBC maintenance	Undertake Performance-Based Contracting of the National Trunk Roads	Maintained 7,867.2 Km through PBC

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No of Structures maintained	Undertake maintenance of major structures	Maintained five (5No) structures.
Length (Km) of road surveyed	Undertake Cadastral Survey of Road Corridors	Submitted 303 Km cadastral survey computations
Number of weighbridges installed.	Installation of weighbridges	Installed 3 (No.) weighbridges at Kamagambo (Virtual), Meru (Virtual) and Kanyonyo (Static)
KRA 3: Effectiveness and Efficiency		
Strategic Objective: To improve on the effectiveness of the Authority's operations		
Operational Backup software installed	Install and maintain up-to-date backup software	Veam-backup Software licenses renewed and operational
Registration certificate	Register with the data commissioner	Registration certificate received
Percentage (%) of Contracts digitised records	Digitisation of Contract Documents	85% progress in Contracts Digitisation
No. Sensitisation sessions on the Data Protection Act held	Sensitisation of staff and agents on the Data Protection Act	2 No. Staff sensitisation on the Data Protection Act was undertaken.
Number of Processes Reviewed	Review of the authority's automated processes and flowcharts	Authority Automated Processes reviewed.
KRA 4: Sustainability		
Strategic Objective: To enhance environmental and social sustainability of the National Trunk Road Network		
Number of ESIA reports prepared	Conduct ESIA Studies for road projects	Prepared and submitted to NEMA 8 (No.) ESIA reports
Number of climate change conferences participated in	Participate in climate change conferences to mobilise resources	Participated in 1 (No.) Climate change conference organized by the Environment Institute of Kenya
Number of proposals developed	Develop a proposal on the climate financing of road intervention	Developed 1 (No) Proposal on climate funding and submitted to GIZ
Number of locals trained	Support locals for technical training	Trained 189 students
Number of trees planted	Afforestation and Reforestation	Planted 279,327 (No) tree seedlings
Number of audits	Carry out road safety audits	Undertook 14 (No) of Road Safety Audits
KRA 5: Capability		
Strategic Objective: To enhance capability to meet stakeholder expectations		
Number of staff recruited	Recruitment of additional staff	Recruitment not undertaken
Number of staff trained	Staff Training	Trained 364 (No) Staff
Number of graduates attached	Provide internships and attachments	Engaged 342 (No) youths

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Number of portals established	Establish a knowledge-sharing and collaboration portal	Portal established
Uptake of 30% value of the Tender awarded	Access to Government Procurement Opportunities	Awarded KShs.796,371,783 of the Road Maintenance Works and Operations procurement Budget to the Youth, women, and PWDs
Percentage of value of aggregated contract sums expended on locally sourced inputs, including local contractors, local subcontractors, local suppliers, local service providers and local materials	Implement strategies that promote the National Values and Principles of governance and specifically local content and technology transfer	Awarded KShs. 20,248,537,855 worth of contracts to locally produced goods, services and works

III. Corporate Governance Statement

The Kenya National Highways Authority is committed to the values and principles of good Corporate Governance as an integral part of the Corporate Culture. This guides the way its Directors, Management and Staff conduct the business of the organization.

As a public sector organization dedicated to providing quality service to its stakeholders, the Authority's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, the Leadership and Integrity Act, the Mwongozo Code of Governance for State Corporations and Board's Code of Conduct.

The Authority endeavours to develop, strengthen and sustain the trust that the Government, employees and the public have bestowed on it. The Board is committed to regularly evaluating national and international standards in responsible, transparent and efficient manner with a view of enhancing Corporate Governance at the Authority and consistently delivering on its statutory mandate.

The Authority's Board is constituted as per the provisions of the Kenya Roads Act, 2007 with membership drawn from both the Public and Private sector. The Board is composed of nine (9) Directors with the Directors having a background or knowledge in the following areas:

- Business Industry
- Highway Engineering
- Transport economics
- Surveying
- Accountancy
- Law

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In line with the provisions of the Kenya Roads Act, 2007, the Chairman and other members of the Board, other than designated public officers, hold office for a period of three (3) years from the date of appointment and may be eligible for re-appointment for one (1) further term.

The appointment of all members of the Board as first constituted and at every change in membership is by notice published in the Kenya Gazette.

The Director General is appointed by the Board in consultation with the Cabinet Secretary in charge of Roads following a competitive recruitment process.

New Directors are provided with extensive materials on the Authority and its operations, the procedures relating to the Board and its Committees and their duties and responsibilities as Directors. Induction of all new Directors is guided by the Board Induction Plan for new Directors.

The primary function of the Board of Directors' (the Board) is to provide effective strategic leadership and direction to enhance the long-term value of the Authority to its stakeholders. The Board has the overall responsibility for overseeing the development and implementation of the strategic plan, performance objective, financial plans, annual budget, key operation initiatives, financial performance reviews and corporate governance practices. They are also responsible for instilling the appropriate culture, value and behaviour throughout the organization. The Board is therefore committed to maintaining very high standards of corporate governance and ethical conduct.

The Board has established four (4) Committees from among its Members to assist in the execution of its responsibilities. These are the Audit and Governance Committee, the Human Resource and General Purpose Committee, the Technical, Procurement and Disposal Oversight Committee and the Finance, Strategy and Risk Committee. Each of these Committees operates pursuant to approved Terms of Reference delegated to them by the Board. The Board and each Committee have scheduled meetings held in every quarter of the Financial Year. The Chairman of each Committee regularly reports to the full Board on the Committee's deliberations at quarterly meetings of the Board.

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A schedule of individual board members and their position are as shown below;

No.	Name of Director	Board Position
1	Ms. Winfrida Ngumi	Chairman
2	Dr. Bernard Mware (PhD)	Member (Chair- Audit and Governance Committee)
3	FCCA Julius Waita Mwatu	Member (Chair- Finance Strategy and Risk Committee)
4	Eng. Kennedy Sumbeiywo	Member (Chair- Technical Procurement and Disposal Oversight Committee)
5	Ms. Rosemary Wanjiku Thiong'o	Member (Chair- Human Resource and General Purpose Committee)
6	Eng. Nicholas Musuni	Member
7	Mr. John Mose	Member

Board Meetings held during the Financial Year and individual attendance of the same by the Director's is shown below.

S. No.	BOARD MEETING NUMBER	ATTENDANCE/ABSENT WITH APOLOGY
1.	176th	All members were present
2.	177th	All members were present
3.	178th	Eng. Kennedy Sumbeiywo (absent with apologies)
4.	179th	All members were present
5.	180th	All members were present
6.	181st	Eng. Nicholas Musuni (absent with apologies)
7.	182nd	All members were present
8.	183rd	All members were present
9.	184th	Mr. John Mose, Dr. Bernard Mware (absent with apologies)
10.	185th	Mr. Protus Sigei, Mr. John Mose (absent with apologies)
11.	186th	Eng. Kennedy Sumbeiywo (absent with apologies)

Succession Planning

The Authority recognizes that succession planning forms an integral part of the Authority Human Resource Strategy and ensures the presence of a 'talent pipeline' that guarantees continuity of business in the event that key persons exit the Authority. It allows for the selection and preparation of individuals to ascend to the next level in the organization through appropriate Human Resource Intervention. Succession Planning on the Board is implemented by ensuring

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that the Parent Ministry is informed six (6) months prior to the expiry of the term of any of the Directors, for appointment, to ensure the Board is always fully constituted.

Board Charter

The Authority maintains a Board Charter that is a guide for Directors of the Kenya National Highways Authority (KeNHA) when executing their mandate. It expounds and sets out the Directors' collective and individual powers, rights, duties, obligations, responsibilities and liabilities.

The Charter enshrines the requirements of good corporate governance applicable to the Authority that meets the requirements of the enabling legislation and the Code of Governance for State Corporations (Mwongozo). It serves to facilitate and promote effective governance that is responsible and responsive to the Government's policies and guidelines on State Corporations.

It also provides a framework through which the Board carries out its statutory mandate in compliance with the international principles of corporate governance, laws, regulations and policies of state corporations.

Induction and Training of the Board

The Authority ensures that the Board's capacity is continually built through trainings and workshops and encourages Board Members to be up to date with continuous professional development in their respective professional bodies. The Authority further prepares and implements an annual Board Training Plan to ensure capacity building of the Board as regards their needs.

An induction process is undertaken for all new Board Members to familiarize themselves with their role as Directors and acquaint themselves with KeNHA's mission, vision, core values, mandate, strategic direction, code of conduct and ethics, best Corporate Governance practices and approved policies and procedures. The Chairperson of the Board spearheads this process in line with the Induction for New Directors Programme to ensure that new Board Members are inducted according to the programme.

Board and Member Performance

The Board undertakes an annual Board Self Evaluation exercise facilitated by the State Corporations Advisory Committee (SCAC) that enables the Board evaluate the Performance of the full Board, the individual Members, the Director General and the Corporation Secretary.

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Subsequent to the Self Evaluation the Board prepares a Board Performance Improvement Plan that enable the Board strategize and implement measures to enhance its performance in areas requiring improved performance.

Board Remuneration

Board Remuneration by the Authority is guided by the relevant statutory Guidelines from the State Corporations Advisory Committee (SCAC) and Circulars issued from time to time by SCAC. The Authority endeavours to remunerate the Board members fairly, ethically and responsibly.

Conflict of Interest

Board Members declare any real or perceived conflict of interest with the organization upon appointment to the Board and any that may subsequently arise, through the Conflict of Interest Register that is signed by the Board Members at every meeting.

Governance Audit

The Board subjects the Authority to an annual Governance Audit overseen by the Authority's Internal Audit Function. The Governance Audit covers the areas of, Leadership and Strategic Management, Transparency and disclosure, Compliance with Laws and Regulations, Communication with stakeholders, Board Independence and Governance and Board systems and procedures

5. Management Discussion and Analysis

Mandate

To develop and manage quality and adequate national trunk roads through innovation and optimal utilization of resources for sustainable developments.

SECTION A

The Authority's Operational and Financial Performance

Road Maintenance

The Authority is undertaking numerous road maintenance projects on our entire road network as summarized in the table below.

No.	Project Activity	Targeted Output(lane Km)	Actual Output(lane Km)	Source of Funding
1.	Periodic maintenance	165.3	169.5	Road Maintenance Levy Fund
2.	Routine maintenance	6,251	2,619	Road Maintenance Levy Fund
3.	Performance Based	8,978	7,867.2	Road Maintenance

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	Contracts			Levy Fund
4	Engineered Gravel Roads	130	130	Road Maintenance Levy Fund
	Total	15,524.3	10,785.7	

ROAD SAFETY				
	<i>Guard rails in (Meters)</i>		15,584	21,902.2
ROAD SAFETY	<i>Road Boundary Posts (No)</i>		5,150	4,316
	<i>Road signs (No)</i>		1,424	1,415
	<i>Road marking (Km)</i>	<i>Yellow center</i>	1,038.8	886.6
		<i>Edge white</i>	1,550.2	1,235.9
		<i>Cat eyes</i>	58,656	56,606

SECTION B

Entity's compliance with statutory requirements

The Authority has complied with all statutory requirements which include: -

- 1) Accurate and timely remittance of monthly;
 - i. National Hospital Insurance Fund contributions,
 - ii. National Social Security Fund contributions,
 - iii. Pay As You Earn recoveries
 - iv. Withholding Tax
 - v. Value Added Tax
 - vi. Training Levy
- 2) Prompt payment of vendors subject to budget and liquidity

SECTION C

Key Projects and Investment Decisions the Entity is Implementing

The Authority is implementing Development projects using part of RMLF funds as summarized in note 6 to Financial Statement

SECTION D

1.0 The Key Corporate Risk Profile

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The overall risk profile as at 30th June 2025 remained largely unchanged for five key corporate risks. The key corporate risks for KeNHA for Financial Year 2023/2024 are as listed below:

1. Contract and Project Management Risk
2. Business Continuity Management Risks
3. People Risk
4. Reputational Risk
5. Data Management Risks
6. Public Private Partnership (PPP) Risks
7. Road Asset Management Risks
8. Budgetary Constraints Risk
9. Geopolitical Risk
10. Environmental and Social Risks

INTRODUCTION

Status Report on Key Corporate Risk Profile for KeNHA

The key corporate risks for Authority in FY 2024/2025 were as follows:

Table 1: Key Corporate Risks with the corresponding Strategic Objectives

Risk Area	Corporate Strategic objective(s) affected
1. Contract and Project Management Risk	To enhance capacity and quality within the national trunk roads network
2. Business Continuity Management Risks	To strengthen the institutional framework and capacity
3. People Risk	To strengthen the institutional framework and capacity
4. Reputational Risk	To strengthen the institutional framework and capacity To enhance environmental sustainability and promote social interests
5. Corporate Culture	To strengthen leadership and accountability To strengthen the institutional framework and capacity

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Risk Area	Corporate Strategic objective(s) affected
	To institutionalize research and development within the Authority
6. Data Management and Cyber Security Risks	To strengthen the institutional framework and capacity
7. Public Private Partnership (PPP) Risks	To enhance capacity and quality within the National Trunk Roads Network To mobilise additional financial resources to bridge any financial gaps
8. Road Asset Management Risks	To preserve the quality of the national trunk road network To define, delineate and clear road reserves and depot camps To enhance Axle Load Control
9. Budgetary Constraints Risk	To mobilise additional financial resources to bridge any financial gaps
10. Political risks	To preserve the quality of the national trunk road network

Table 2: Specific actions / activities undertaken to address the Key Corporate Risks

Key risk Area	Activity
1. Contract and Project Management Risks	As at 30 th June 2025, pending bills for development projects stood at Ksh.74,331,457,603 a significant improvement in comparison with Ksh.87.9 billion as at 30 th June 2024. This was a 25% reduction as compared with March 2025 when pending bills amounted to Ksh.100 billion. There were five (5) construction projects under suspension mainly due to delayed payments: <ul style="list-style-type: none"> • Lot 1 Barpello (Moru) – Tot Junction • Lot 2 Tot Junction – Chesegon – Kopasi river • Lot 3 Kopasi River – Lomut – Sigor – Marich pass • Lot 1 Mamboleo Junction (A12) – Miwani • Miwani – Chemilil Road
2. Business Continuity Management risks	As directed by the Board, the business continuity management policy and business continuity plan have been reviewed internally to incorporate disaster preparedness. We intend to have a training conducted by National Disaster Management Unit to facilitate the Authority to finalise our policy and plan with their expertise.
3. People Risks	In the SWOT analysis of the strategic plan, one of the weaknesses that needs to be addressed is functions that are

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Key risk Area	Activity
	<p>not fully staffed and staff establishment report not fully implemented.</p> <p>HR instruments have been reviewed and approved by Public Service Commission. They will be tabled before the Board for approval to implement.</p>
4. Reputation Risks	<p>In the period under review the corporate communications team has consistently continued with media engagement and monitoring to keep stakeholders informed of KeNHA activities.</p>
5. Corporate culture risks	<p>Staff have been sensitized on the core values of the Authority. Further, a knowledge repository has been created on share point to facilitate knowledge sharing and foster teamwork, which is one of our core values.</p> <p>An innovation portal was set up in June 2023 to facilitate sharing of innovative ideas that can foster efficiency and effectiveness as well as facilitate resource mobilization.</p>
6. Data management and cyber security risks	<p>IT strategies implemented to curb cyber security and data management risks include:</p> <ul style="list-style-type: none"> • Enforced VPN usage for remote access to system applications. • Enforced multi - factor authentication (MFA) on mailing system for enhanced security. • Deployment and implementing of Firewalls (next generation model) for defense on potential network attacks • Adopted unified wireless communication for strong Wi-Fi encryption. • Enforced end-point security like updated antivirus to prevent malware. • Enforced stronger password policies. • Deployed and implemented security information and event management (SIEM) to monitor and analyse security logs from various sources. • Secure sockets layer (SSL) certificates to secure online / web-based applications. <p>Controls are further being strengthened through implementation of the requirements of the Information Security Management Standard ISO/IEC 27001:2022.</p>
7. PPP Risks	<p>Pipeline projects approved by the Board for submission to PPP Directorate for consideration and approval as part of the national list of PPP projects, and in various stages of implementation include Mombasa – Nairobi</p>

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Key risk Area	Activity
	PPP project, Nairobi – Nakuru – Mau Summit – Eldoret – Malaba PPP Project among others
8. Road Asset Management Risks	<p>As at 30th June 2025 there were a total of 192 No. pending certificates for maintenance works totaling Ksh.3,390,031,197</p> <p>The budget RMLF for FY 2023/2024 is Ksh.31.2 billion and a budget cut of Ksh.4.7 billion meant that our allocation for FY 2023/24 was Ksh.26.5 billion. KeNHA had received Ksh.23.6 billion at the end of the financial year. The variance of Ksh.2.9 billion (11% of the budget) has not been remitted to KeNHA.</p> <p>Inclement weather affected roads, especially in north and upper eastern region. Reinstatement of these roads require additional funds.</p>
9. Budgetary constraints	<p>The GoK budget for the Authority is Ksh. 56,962,234,488 of which Ksh. 52,126,331,827 had been received as at 30th June 2025.</p> <p>Although reduced during the period under review, pending bills remain a major concern for the Authority.</p>
10. Political risks	<p>Geopolitical risks arise from political, economic and social instability, key drivers include the rising worldwide inflation, cost-of-living crisis, international conflicts, political instability, demonstrations, mass unemployment, economic recessions and inequalities among others.</p> <p>As per the Central Bank of Kenya, inflation in May and June 2025 stood at 3.8%, within the Central Bank of Kenya’s target range of 2.5% to 7.5%. Is a slight increase from the 3rd quarter of FY2024/2025. Increasing inflation directly impacts price variation of goods and services, ultimately leading to an increase in construction costs. Currency exchange rate volatility may make the projects vulnerable to currency fluctuations.</p> <p>The World Economic Forum Global Risks report (2025), identifies state based armed conflict as the greatest geopolitical risk and greatest overall risk of 2025. Consequently, rising political tensions, armed conflicts and instability of neighboring Eastern African countries (DRC, Ethiopia, Somalia, South Sudan) may:</p> <ul style="list-style-type: none"> • Disrupt supply chains and logistics leading to time and cost overruns • Affect the macroeconomic environment causing currency volatility, inflation and overall poor economic performance

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Key risk Area	Activity
	Conflicts threaten regional security. This could affect execution of KeNHA projects in areas near the borders of conflicting countries.

Table 3: Emerging Issues likely to Impact Achievement of KeNHA Mandate in the Future

Key Risk	Emerging issue/s
Adverse outcomes of AI technologies	Given the fast-paced nature of change in the field of artificial intelligence (AI), it is important for the Authority to train the relevant staff of AI and ensure policies are developed to guide and safeguard the Authority from negative effect of AI, such as misinformation and disinformation.
Environment and social risks	Globally, countries are grappling with the impact of record-breaking extreme weather, as climate change adaptation efforts and resources fall short of the scale and intensity of climate-related events already taking place. In our strategic plan, our KRA No.4 on sustainability we seek to ensure that communities continue to enjoy the benefits arising from road development and maintenance initiatives. Key issues to be addressed include environmental protection, stakeholder engagement, social sustainability, economic empowerment and road safety. Further, sustainability has been identified as one of our core values.

1.2 Summary of Key Corporate Scorecard as at 30th June 2025

The overall risk profile as at 30th June 2025 remained largely unchanged for eight key corporate risks. The risks whose scores have reduced was corporate culture risks. Political risk which had reduced in the third quarter increased in the fourth quarter. The risks which are expected to reduce in the course of FY 2025/2026 due to current ongoing interventions include business continuity management, data management and cyber security risks.

Contract and project management risks as well as budgetary constraints remain the most critical risks facing the Authority. With delays in exchequer releases, a number of contractors slowed down or stopped works and submitted claims for delayed payments, further exacerbating the challenges. (Note: these two risks have consistently been on the key corporate risk profile since the creation of the first key corporate risk profile report in 2013 and have now crystallized).

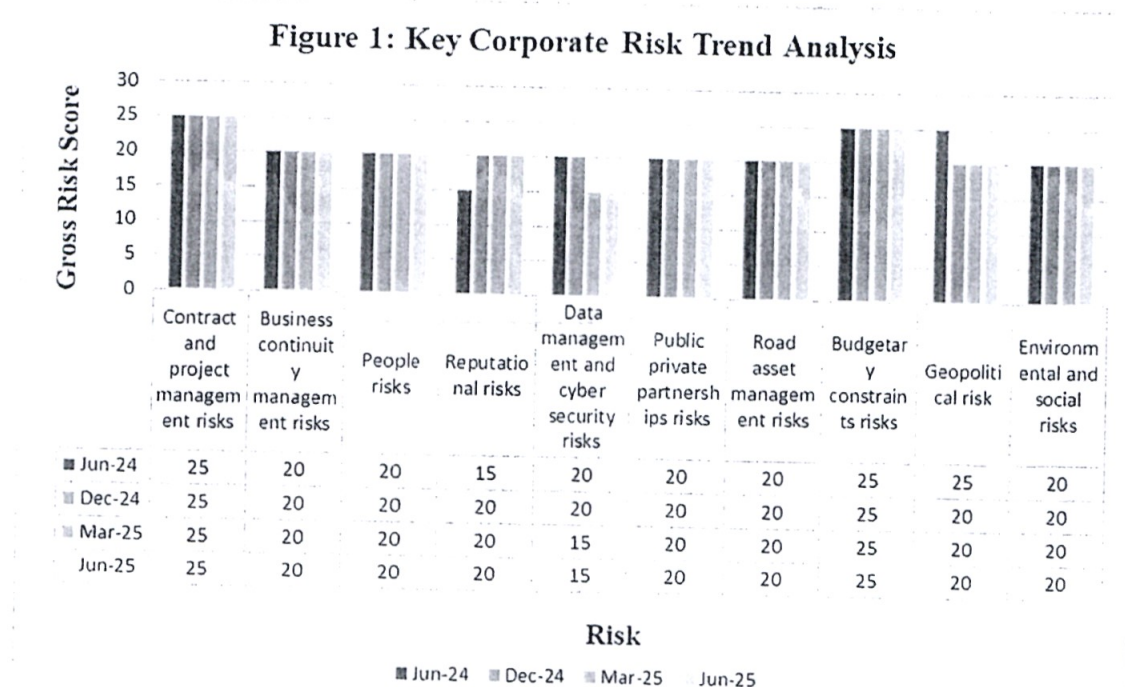
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Table 4 and figure 1 gives the movement of the risk scores in a heat map of the risks as at June 2023 through to June 2024 at the close of the financial year.

Table 3: Key Corporate Risk Trend Analysis

	Risk	Gross Risk Score			
		June 2023	Dec 2023	March 2024	June 2024
1	Contract and project management	25	25	25	25
2	Business continuity management	20	20	20	20
3	Budgetary constraints	25	25	25	25
4	Political risk	25	25	15	25
5	Data management and cyber security	20	20	20	20
6	Public private partnerships	20	20	20	20
7	Road asset management	20	20	20	20
8	Corporate culture	17.5	17.5	15	15
9	People risks	15	15	15	15
10	Reputational risk	15	15	15	15

Figure 1: Key Corporate Risk Trend Analysis



It is important to note that in the year under review, pending bills were reduced by Ksh.25 billion.

2.0 THE KEY CORPORATE RISK PROFILE FOR 2024/2025

To identify the Key Corporate Risks for the Authority for FY 2023/2024, the ERM&BPR Department reviewed the operational and project risk registers as well as risk reports such as the World Economic Forum Global Risks Report 2024 and the IRM’s Risk Trends 2024.

The Board has stated that *the Authority’s overall risk appetite will be low to moderate, tending towards low because KeNHA is a state corporation that has a responsibility to the public and other stakeholders in pursuit of its set strategic objectives.* In view of this, we propose to retain seven (7No.) key risks from the previous financial year. This is because they directly affect achievement of our strategic objectives and fulfilment of our core mandate. From the trend analysis shared in table 4 above, the above-mentioned risks still rank critical and high, and therefore still require regular monitoring by senior management and the Board. It is proposed that corporate culture risk be merged with people risk. Additionally, a number of mitigation strategies are in various stages of implementation to address the drivers of several key risks. It would be prudent to track and monitor these risks as the mitigations are implemented. We

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propose to rename political risk as geopolitical risks and to introduce environmental and social risk to the key corporate risks of the Authority.

A detailed summary of the identified risks, their drivers and mitigation strategies as well as the strategic corporate objectives they are aligned to is annexed as Appendix I to this report.

Table 4: Risk Scores for the proposed Key Corporate Risks for FY 2023/2024

No.	Identified Risk	Likelihood	Impact	Gross Risk Score
1.	Contract and Project Management Risk	5	5	25
2.	Business Continuity Management Risk	4	5	20
3.	People Risk	4	5	20
4.	Reputational Risk	3	5	15
5.	Data Management Risks	4	5	20
6.	Public Private Partnership (PPP) Risks	4	5	20
7.	Road Asset Management Risks	4	5	20
8.	Budgetary Constraints Risk	5	5	25
9.	Geopolitical Risk	5	5	25
10.	Environment and social Risk	4	5	20

APPENDIX I: SUMMARY KEY CORPORATE RISKS FOR FY 2024/2025 WITH THE CORRESPONDING MITIGATION MEASURES

	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
1	Contract and Project Management Risks	<ol style="list-style-type: none"> Piecemeal site availability for works. Delayed payments Low BOQ rates in some projects Slow response to contractual 	<ol style="list-style-type: none"> Ensure acquisition of road corridors including right of way before commencement of works. Ensure enforcement of contractual 	To enhance capacity of the national truck road

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		<p>issues</p> <p>5. Inadequate enforcement of contractual obligations</p> <p>6. Inadequate capacity in contract management</p> <p>7. Gaps in some contract documents.</p> <p>8. Inadequate capacity by consultant or contractor to undertake consultancy or works</p> <p>merging drivers</p> <p>1. Significant rationalization of budget</p>	<p>obligations as appropriate</p> <p>3. Make decisions on contractual matters as appropriate and timely within stipulated regulated durations</p> <p>4. Continually build capacity within KeNHA on Project and Contract management.</p> <p>5. Review Progress Reporting to capture more feasible and critical issues required for decision making.</p> <p>6. RACM has improved contract documents to ensure that contractors who perform dismally for 3 consecutive months are charged liquidated damaged and/or the contract terminated.</p> <p>7. On a quarterly basis, comprehensive project risk reports and their treatment are included in the progress reports for development projects.</p>	<p>network</p>
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2	Business Continuity Management Risks	<ol style="list-style-type: none"> 1. Possibility of pandemic 2. Exceptional weather and ground conditions 3. Insecurity caused by inter-clan conflicts, bandits and terrorists during road construction 4. Man-made or natural disaster that may disrupt normal operations at the Authority. 5. Inadequate succession management 	<ol style="list-style-type: none"> 1. Enforcement of pandemic protocols 2. Implement business continuity plans 3. Develop and implement disaster preparedness plans as required for critical functions 4. Enhance budgetary provisions on Framework contracts to effectively address emergencies such as road-cuts. 5. Certification audit for ISO 27001 ISMS has been done. Response awaited from certifying body. 6. The ERM &BPR is reviewing BCM policy to incorporate disaster preparedness 7. Enhance succession management 	<p>Improve on the effectiveness of the Authority's operations</p> <p>To enhance capacity to meet stakeholder expectations</p>
3	People Risk	<ol style="list-style-type: none"> 1. Pressure to engage more staff on contract terms due to insufficient human resource. 2. Staff Attrition 3. Integrity of staff 	<ol style="list-style-type: none"> 1. Regular departmental and town hall meetings with staff to communicate expectations, track performance and 	<p>Improve on the effectiveness of the Authority's operations</p>

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		<p>4. Demotivated workforce</p> <p>5. Inadequate enforcement of HR manual</p> <p>6. Unclear and undefined corporate culture</p>	<p>address concerns and challenges.</p> <p>2. Review staffing needs for the Authority and address critical gaps through recruitment</p> <p>3. Undertake job evaluation</p> <p>4. Train staff annually to provide critical soft and technical skills</p> <p>5. The health and safety Committee works closely with Directorate of Occupational Safety and Health to continually enhance safety of staff</p> <p>6. Sensitize staff to understand that implementation of HR manual is mandatory</p> <p>7. Undertake a corporate culture survey or audit in the course of the financial year.</p> <p>8. Sensitize staff on the reviewed vision, mandate and core values of the Authority.</p> <p>9. Review existing Code of Conduct to ensure it takes into account the core values of KeNHA. Have staff to sign off that they have read the Code of Conduct and will abide by its requirements.</p> <p>10. Promote ethical conduct by undertaking corruption</p>	
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			perception survey and conducting integrity Audit; and implementing recommendations	
4	Reputation Risk	<ol style="list-style-type: none"> 1. Inadequate information in media, including misinformation and disinformation (especially social media) 2. Disgruntled stakeholders, both external and internal 3. Inadequate media management 4. Inadequate responses to negative media reports 	<ol style="list-style-type: none"> 1. Regularly monitor stakeholder expectations. 2. Proactively address stakeholder expectations through sensitization, involvement and appropriate information sharing 3. Media management 4. Manage information within the Authority 5. Engage skilled staff to monitor and address issues raised on social media 6. Promote environmental conservation and management 7. Enhance social safeguards in projects 	<p>Improve on the effectiveness of the Authority's operations</p> <p>To enhance capacity to meet stakeholder expectations</p>
5.	Data Management Cyber Security Risks	<ol style="list-style-type: none"> 1. Lack of centralized and comprehensive data management framework 2. Data security risks, where information may fall into the hands of unauthorized persons 	<p><i>or data management</i></p> <ol style="list-style-type: none"> 1. Develop data management framework for the Authority and sensitize staff on its requirements 	<p>Improve on the effectiveness of the Authority's operations</p>

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		<p>3. Data breaches – unintentional release of secure information</p> <p>4. Inadequate password management practices, software piracy, malware and lack of knowledge on IT related operations making staff susceptible to cyber crimes</p> <p>5. Enactment of Data Protection Act and Access to Information Act</p>	<p>2. Continue with Automation of all internal business processes through ERP</p> <p>3. Operationalize Electronic Document Management System</p> <p><i>or cyber security</i></p> <p>4. Sensitization of staff on cyber security policy and cybercrime Act.</p> <p>5. Implementation of firewalls and security monitoring tools</p> <p>6. Use of genuine updated antivirus</p> <p>7. Use of genuine software</p> <p>8. Software updates and patch management</p> <p>9. Implement business continuity plan and backup restoration plan / infrastructure</p> <p>10. Pursue and maintain ISO 27001 certification.</p> <p>11. Comply with requirements of Data Protection Act and Access to Information Act.</p>	
6	PPP Risks	<p>1. Complexity of the PPP projects. For instance, contractual relationships between parties in the project. A small number of</p>	<p>1. Train more staff on PPP in all relevant areas namely Legal, Supply Chain, Finance, Engineering, Communication and Risk).</p>	<p>Enhance the capacity of the national trunk road network</p>

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		<p>KeNHA Staff trained in handling PPP transactions</p> <p>2. Optimism bias on expected revenue streams at operation with a potential of revenue streams below expectation during operation.</p> <p>3. Public view tolling as triple taxation and could result in emerging consumer protection pressure groups to oppose the venture.</p> <p>4. Need for due diligence on proposed private partners to establish their capacity to deliver as indicated.</p> <p>5. Protester action - As was noted in the political demonstrations, damage to PPP structures may result in the Authority being liable for compensating the private partner if unrest is sustained for a long period of time.</p>	<p>2. Ensure continuous public engagement and dissemination of information to manage and minimize opposition against the PPP projects.</p> <p>3. Continually monitor the respective contractor's capability to ensure that remedial action is taken immediately where a gap is noticed.</p>	
7	Road Asset Management Risk	<p>1. Vandalism of road furniture due to availability of market for materials</p> <p>2. Overloading by transporters</p> <p>3. Road reserve and camp encroachment</p> <p>4. Expected increase in use of electric vehicles</p>	<p>1. Improve highway patrols through ALEHU and PBCs to deter encroachment and vandalism</p> <p>2. Create awareness among stakeholders on the need to protect road assets</p>	To secure and preserve the national truck road and Authority's assets

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		<p>which may result in reduction of RMLF</p> <p>5. Change of law resulting in reduction of percentage of RMLF to be given to Authority for maintenance of roads.</p> <p>6. Delays in RMLF releases and reductions of budgets</p>	<p>3. Secure road camps and highway reserves</p> <p>4. Conduct Research with a view to developing alternative materials for road furniture to address the risk of vandalism.</p> <p>5. Enhance budget line to cater for road reserve and camp protection to include road reserve mapping</p> <p>6. Ensure road reserves are largely secured prior to award of works contracts</p>	
8.	Budget Constraints	<p>1. Commencement of additional projects, straining the limited financial capacity.</p> <p>2. Increasing costs of acquisition for right of way and compensations for project affected persons, affecting cash flow for works</p> <p>3. Delayed Exchequer Releases</p> <p>4. Unexpected budgetary cuts after approval of budgets</p> <p>5. Commencement of projects with encumbrances within the project corridor resulting in increased costs</p> <p>6. Delayed payments on existing IPCs causing delays in implementation and</p>	<p>1. Explore and exploit viable alternative sources of revenue</p> <p>2. Continue to engage the National Treasury on budgetary requirements and release of resources to settle pending bills</p> <p>3. Review work plan in line with budgetary reduction where applicable.</p> <p>4. Undertake manageable number of projects to minimize delays in payments and accrual of interest on delayed payments</p> <p>5. Enhance forward planning by ensuring right of way is secured before commencement of project</p>	<p>Improve on the effectiveness of the Authority's operations</p> <p>To enhance capacity to meet stakeholder expectations</p>

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		<p>resulting in Interest on delayed payments</p> <p>7. Expected increase in use of electric vehicles which may result in reduction of RMLF</p> <p>8. Change of law resulting in reduction of percentage of RMLF to be given to Authority for maintenance of roads.</p> <p>9. Significant rationalization of the budget</p>		
9.	Geopolitical Risks	<p>1. Rising worldwide inflation and cost-of-living crisis</p> <p>2. Unemployed youth who may become more susceptible to participating in protests and demonstrations; vandalizing road furniture and damaging road infrastructure.</p> <p>3. Economic inequalities that are exacerbated by inflation</p> <p>4. Political disputes and disagreements.</p> <p>5. Inadequate stakeholder engagement</p>	<p>1. Increased stakeholder engagement and sensitization to create awareness on importance of protecting road infrastructure.</p> <p>2. Enhancement of security by coordination with law enforcement agencies during times of unrest.</p> <p>3. Stringent consequences on destruction of public property.</p>	To secure and preserve the national trunk road and Authority's assets.
10	Environmental and Social risks	<p>1. Extreme weather patterns, adversely affecting roads</p> <p>2. Increased stakeholder expectations</p> <p>3. Need for social sustainability</p>	<p>1. Ensure framework contracts are operational to facilitate timeous response to emergencies</p> <p>2. Engage and respond to stakeholder expectations</p> <p>3. Develop sustainability policy and strategy</p> <p>4. Prepare sustainability report</p>	

APPENDIX II: COMPARISON BETWEEN THE FY 2024/2025 AND FY 2025/2026

KEY CORPORATE RISK PROFILE

The table below gives a summary of the Key Risks retained in the Corporate Profile, indicating reasons why.

Risk Area	Status (Retained/ Removed/ New)	Reasons
1. Contract and Project Management Risks	Retained	This is a core function of KeNHA whose risk score rating is still critical, mainly due to budgetary constraints. It requires implementation of mitigation strategies, problem-solving techniques and close monitoring to minimize risks while exploiting opportunities
2. Business Continuity Management Risks	Retained	Some activities currently being undertaken to address this risk and reduce exposures. This requires close monitoring
3. People Risks	Retained	Human resource is vital for implementation and achievement of corporate goals. Their beliefs and behaviors shape the culture of management of risks.
4. Reputation Risk	Retained	Reputation can affect perception of our key stakeholders and ultimately our ability to achieve corporate goals
5. Data Management and Cyber Security Risks	Retained	Some activities currently being undertaken to address this risk and reduce the likelihood of occurrence. This requires close monitoring.
6. Public Private Partnerships Risks	Retained	The risks directly impact the core mandate of KeNHA. It requires close monitoring to learn, gain experience, minimize risks while exploiting opportunities.
7. Road Asset Management Risks	Retained	This is a core function of KeNHA whose risk score rating is still high. It requires implementation of mitigation strategies and close monitoring to minimize risks while exploiting opportunities.
8. Budgetary constraints	Retained	The drivers for the risk directly affect the core mandate of KeNHA Pending bills and interest on delayed payments have continued to increase. Project completion is thus negatively affected.

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9. Geopolitical risks	Retained	This risk has been retained and reviewed to include the effect of the global trends on the Kenyan economy
10. Environmental and social risks	Retained	Sustainability has been incorporated in our new strategic plan both as a core value and a key result area. The sustainability policy, strategy and framework for implementing and reporting initiatives should be prioritized as it is essential for enhancement of risk management strategies, the optimization of costs and savings, the streamlining of decision-making processes, and the bolstering of corporate trustworthiness and reputation.

SECTION E

Material arrears in statutory/financial obligations

The Authority has a large stock of pending development bills amounting to Kshs. 74 Billion. This is made up of payment certificates and fee notes for certified development works and outstanding dues to Project Affected Persons. This resulted from inadequate GOK Development Budget allocations and delayed release of Exchequer funds to the Authority. This has led to accumulation of interest on delayed payments and other contractual claims.

SECTION F

The Authority's Financial Probity and Serious Governance issues

The Board of Directors takes overall responsibility for establishing systems of internal control and for reviewing and evaluating their effectiveness. The day-to-day responsibility for the implementation of these systems and for ongoing monitoring of risk and the effectiveness of controls rests with Senior Management.

The systems, which have been in place from inception of the Authority up to the date of approval of these financial statements include the following: -

- The Audit, Risk & Governance Committee of the Board provides oversight over the internal audit work and implementation of both internal and external audit recommendations.
- The Risk Management Committee comprising of Senior Management is responsible for ensuring that controls are in place to identify, evaluate and manage risk.

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- Enterprise Risk Management Department documents risks and the responses to them, carry out risk assessments annually and report to the Risk Management Committee and the Audit, Risk & Governance Committee of the Board on effectiveness of risk management.
- Periodic reviews of performance and quality control in road construction and maintenance are carried out by the Quality Assurance Section.
- Directorate of Internal Audit reviews the effectiveness of the financial and operational systems and controls throughout the Authority and reports to the Audit, Risk & Governance Committee.
- External Auditors comprising the Office of the Auditor General, Office of the Internal Auditor General, Kenya Roads Board and Development Partners review the Authority's financial statements and effectiveness of systems of internal controls.

The Authority's systems of internal control and corporate governance arrangements in operation during the quarter were based on the above institutional arrangements. The internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives or, in the case of financial controls, the risk of material misstatement in our financial statements.

6. Environmental and Sustainability Reporting

i) Sustainability Strategy and profile

The Kenya National Highways Authority (KeNHA) reaffirms its role as the steward of the national highways network by committing to sustainable infrastructure development that fosters inclusive social-economic growth and environmental protection. The Board of Directors and Management recognize their critical responsibility to deliver high-quality, safe, and climate-resilient roads while protecting Kenya's natural heritage and ensuring compliance with the Constitution of Kenya (2010), the Environmental Management and Coordination Act (EMCA) of 1999, and the Authority's Strategic Plan.

KeNHA's Environmental and Social Safeguards Policy is guided by the Authority's core values of equity, integrity, and accountability. It also aligns with both national regulatory frameworks and global sustainability principles, including the United Nations Sustainable Development Goals. The Authority remains dedicated to integrating environmental and social sustainability into all its operations, supporting those working on our behalf to uphold these values throughout the project lifecycle.

Environmental sustainability is a cornerstone of KeNHA's operations. The Authority integrates climate adaptation and mitigation strategies into project planning and execution, including enhancing drainage capacity, stabilizing slopes, elevating road surfaces above flood levels, controlling erosion, and managing stormwater. In addition, KeNHA selects resilient materials and engineering designs to reduce vulnerability to climate-induced hazards, minimize ecological disturbance, and ensure long-term infrastructure durability.

To complement these efforts, KeNHA actively promotes resource efficiency through the responsible use of natural resources. The Authority also supports carbon sequestration and biodiversity restoration by incorporating environmental protection measures within project footprints, including tree planting and growing initiatives, roadside greening, and landscape restoration activities.

In the financial year 2024/2025, KeNHA enhanced its sustainability agenda by fostering partnerships with key stakeholders such as the Kenya Forest Service (KFS), County Governments, and local communities. These collaborations have been instrumental in implementing tree-planting programmes, establishing regional tree nurseries, and integrating climate action into Performance-Based Contracts (PBCs). Furthermore, the Authority has strengthened civic engagement and social cohesion by facilitating stakeholder forums, upholding national values, and operationalizing Grievance Redress Mechanisms in line with Article 10 of the Constitution

ii) Environmental performance

The Authority's core operations, including road design, construction, rehabilitation, and maintenance, have direct and indirect effects on the environment and surrounding communities. These impacts may include land use changes, declines in air and water quality, disruption of ecological systems, noise and vibration emissions, generation of construction waste, and displacement of people and assets. To ensure infrastructure development proceeds in an environmentally and socially responsible way, KeNHA incorporates environmental safeguards from the start of projects through to their completion. This is achieved through the preparation of Environmental and Social Impact Assessment (ESIA) reports, Environmental Audits (EA),

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Resettlement Action Plans (RAPs), and the use of monitoring tools aimed at reducing, managing, and improving project sustainability throughout the infrastructure lifecycle.

In the reporting year:

- 6 No. Environmental Audit (EA) reports were submitted to NEMA for six (6) road projects.
- 9 No. ESMP implementation monitoring sessions for nine (9) road projects.
- 6 No. Material site inspections for six (6) road projects.
- 1 No. Resettlement Action Plan (RAP) was prepared for one (1) road project.
- 5 No. RAP implementation monitoring sessions were undertaken for five (5) road projects.

These activities ensured project-affected persons and their assets were duly enumerated and considered for compensation.

To address the environmental and social impacts associated with road construction during the implementation phase, the Authority employs management tools tailored to specific project contexts. These include Contractor's Environmental and Social Management Plans (CESMPs), Occupational Health and Safety (OHS) Plans, Traffic Management Plans, Waste Management Plans, Biodiversity Management Plans, Stakeholder Engagement Plans (SEPs), and HIV/AIDS mainstreaming strategies. Each tool is customized to align with the unique requirements of individual projects, thereby facilitating effective implementation and monitoring. The Authority oversees the execution of these instruments through continuous environmental and social audits, systematic reviews of monthly or quarterly supervision reports, and on-site inspections of material sources and other project-related facilities.

iii) Employee welfare

The Authority has the following policies in place: The Human Resource Policy and Procedures Manual, Career Guidelines Manual, Organization Structure, Grading and Establishment Manual. The Human Resource and Procedures Manual and Internship Policy Guideline provide steps in recruitment process in the Authority. In addition, it takes into account the gender ratio as a recruitment and development requirement and implements the same alongside any new written provisions, guideline, directive, circular or memo from government from time to time. The stakeholder engagements are taken into account and the policies have been developed to support service delivery, commitments and obligations of the Authority to its stakeholders. As a practice, the Authority undertakes the review and improvement of the aforementioned policies as and when necessary but at least every three (3) years so as to be in harmony with legislation and organizational and technological changes.

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The Authority has a staff appraisal system and is in the process of reviewing the system to align with a balance Scorecard framework for purposes of objectively addressing the several human resource decisions such as promotions, training and development, reward and sanction among others. Management often undertakes benchmarking with other state agencies with intent to improving its performance management instruments.

The Authority has an Occupational Safety and Health Policy and staff are trained on safety and health procedures, where they are encouraged to identify equipment or hazardous materials that are of concern to them. Workplaces are inspected from time to time and registered annually by the Directorate of Occupational Safety and Health (DOSHS). In this respect, the Authority has a Health and Safety Committee, which spear heads matters of Health and Safety.

The Authority has a staff medical cover, which was renewed with effect from 1st September, 2024, staff members have access to employee assistance programme where they can access counselling services, mental health, wellness check-ups amongst other personal related issues

The Government has introduced the implementation of Productivity Management (Measurement & Improvement) vide the performance Contracting for FY 2024/2025 to aid in productivity and performance management in the state agencies. In this regard, the Authority is in the process of developing a Productivity Matrix with the help of Commission for Salaries and Remuneration Commission (SRC).

iv) Market place practices-

A & b) Responsible competition practice & Supply chain & Supplier Relations

The Authority has embraced the culture of competitiveness in procurement processes in pursuit of achievement for value for money and creation of fairness and transparency among various stakeholders. Adherence to the provisions of the Public Procurement and Asset Disposal Act, 2015 and its attendant regulations, KeNHA procurement policies and donor funded guidelines has been a key contributing factor towards promotion of competition and ensuring competitors are treated fairly. The Authority undertakes stakeholder and political involvement through pre-bid conferences/pre-tender site visits/capacity building to enhance effective communication.

Competition is fostered through the use standard tender and quotation documents in procurement of various goods, works and services. The Public Procurement Regulatory Authority directives and donor procurement guidelines creates a level playing ground for the competitors through issuance of the standard tender documents. To a great extent, the use of standardized and clear

specifications has allowed for open competition and promotes transparency and accountability through use of Enterprise Resource Planning system. This is done through publication of all procurement processes on the Public Procurement Information Portal (PPIP), advertisement of procurement opportunities, conducting due diligence on successful suppliers/contractors and handling of complaints. The Authority undertakes timely communication of results of procurement processes through effective debriefing mechanisms. The law further allows aggrieved bidders to pursue other existing legal mechanisms to ensure that their grievances are addressed.

c) Marketing & Advertisement

The authority practices ethical marketing by committing to open, transparent, responsible, and fair practices and communicates these values to the public. Further, we commit to implement our projects while upholding ethical standards to project staff, communities that benefit and those that are affected by our projects.

The Authority continuously observes the principles of:

1. **Fairness:** Establishing fairness in our decision-making, offering equitable wages, and sustainable development.
2. **Honesty:** A cornerstone of ethical marketing is honesty. The Authority, while publicizing projects and activities strive to provide factual and unexaggerated information about the functionality and impact of our activities and provide full disclosure when required to.
3. **Responsibility:** KeNHA emphasizes her responsibility by providing a well-functioning highway network at all times, support social causes, give back to communities, treat employees with respect, and protecting the environment through sustainable practices. The Authority conducted a Customer Satisfaction survey in 2019 and has been implementing recommendations made by the public as we implement projects.
4. **Transparency:** We practice transparency by publishing our activities and being open to the public about our operations. Not only do we provide regular reports to relevant oversight agencies, but continuously share information through the media, publications, website and social media accounts.

d) Product stewardship

1. The Authority has established a hotline through which citizens can share complaint or feedback.

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2. There is an established complaints handling mechanism, to ensure customers complaints are responded to within 21 Days as stipulated in our Customer Service Charter and by the Commission on Administrative Justice.
3. The Authority has opened a confidential email for reporting integrity related issues which is: integrity@kenha.co.ke. Citizens who act as whistle blowers are assured of utmost confidentiality and due care while handling the cases as stipulated in the Anti-Corruption and Whistle blower policies.
4. The Authority has a robust Stakeholder Engagement plan for every project to ensure that the interests and rights of stakeholders are factored into every major project. In the year under review, we carried out elaborate stakeholder engagement on Nairobi-Nakuru-Mau Summit PPP Project, Horn of Africa Road Project, and Weighbridge Management.
5. At the commencement of every project, the Authority obtains statutory clearances from National Environmental Management Authority (NEMA) as well as the Occupational Health and Safety Authority.

v) Corporate Social Responsibility / Community Engagements

The Kenya National Highways Authority continues to uphold corporate citizenship by ensuring social accountability to all stakeholders and the public. The Authority continues to be conscious of the impact realized on all aspects of society, including economic, social, and environmental during project implementation.

Through the Corporate Social Investment (CSI) Committee, we have been able to identify initiatives, along our road projects, that help improve the livelihoods of surrounding communities. The Authority remains committed as a responsible corporate citizen and prioritizes mitigation measures on the impact of project implementation on the environment, communities, employees, and stakeholders.

CSI Statement FY: 2024-2025

Since inception in 2009, the Kenya National Highways Authority (KeNHA) has embodied the true spirit of Corporate Social Investment (CSI). We are committed to the highest standards of corporate citizenship. Our culture and values are rooted in service, integrity, and taking personal responsibility for our actions, outcomes, and reputation.

As a leading Highways Authority, we connect communities with business as well as employment opportunities. We make a difference in areas along our project routes. Given the nationwide span

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of our projects, we recognize the wide reach of our products, service delivery, and our public accountability.

We have continued to be conscious of the kind of impact the Authority is having on all aspects of society, including economic, social, and environmental issues in all our project implementation cycles.

Through the CSI Committee, as an Authority we have been able to identify and implement initiatives along our road projects that help improve the livelihoods of communities in those routes.

The Authority remains committed as a responsible corporate citizen by prioritizing mitigation measures on the impact of her activities on the environment, communities, employees, and stakeholders.

CSI initiatives undertaken during the year

The commitment of the Authority to being a responsible corporate citizen is demonstrated through various initiatives that aim at overall well-being of beneficiary communities along project routes.

These initiatives mainly focus on promoting sustainable livelihoods and improving access to social amenities through interventions that improve outcomes on Education, Health, Sanitation, Environmental Conservation, Security, as well as Youth and Women Empowerment.

During the year under review, the Authority undertook several CSI activities. These include construction of dormitories, levelling of school playgrounds, drilling of boreholes, upgrading a dispensary, construction of police stations, and sponsorship of various community activities as tabulated in the table below.

A summary of various CSIs undertaken during the FY: 2024-2025 are listed in the table below.

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements for Road Maintenance Levy Fund****For the year ended 30th June 2025****CSI Activities FY: FY2024-2025**

No.	Region	Project Name	Describe CSR program (1) implemented in the project in this quarter
1.	North Rift	Kopasi River – Lomut – Sigor – Marich Pass	Building of two Classrooms at Adomeyon and Kamsino primary schools, Provision of construction materials for Parkino primary school gate and supply of water.
2.	North Rift	Kitale – Endebeess - Suam	Construction of Kitale Market
3.	Central	Thika – Magumu	Grading of Wakimbo (soko mpya) road and soko mjinga market area
4.	Nairobi	James Gichuru - Rironi	Construction of dorm for Nairobi Construction Parking lots for KEFRI
5.	Nyanza	Chemelil-Kipsitet	Levelling of school pitch at God-Abuoro Secondary School
6.	Central	Sagana - Marua	Ground layout of special school autism unit
7.	Nyanza	Isebania-Kisii Lot 1	The Contractor in consultation with the County Government of Migori agreed to construct a modern Primary School for the area residents. The construction includes an administration block complete with a library, offices, staffroom etc and 4 No classrooms. Leveling of playgrounds almost in every school along the project area.
8.	Central	Mau Mau Road Project Lot 1A	Levelling of school playgrounds in various schools i.e., Karuro Primary School, Gatamaiyo Sec. School, Githiga Primary School, Kamahindu Secondary school etc.
9.	Central	Mau Mau Road Project Lot 1B	Refurbishing of Gachika dispensary which is currently used as Resident Engineer's Office.
10.	Central	Mau Mau Road Project Lot 2	Levelling of school ground
11.	Coast	Mombasa - Kwa Jomvu Lot 1	Improvements at Makupa police station
12.	Coast	MPARD2 Mwache-Tsunza-Mteza	2 Police Station at Tsunza

From the above analysis, it is notable that major beneficiaries of our CSI projects are local communities along project routes. Other beneficiaries include social and governmental facilities and agencies such as law enforcement through construction and rehabilitation of police stations.

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IV. Report of the Directors

The Directors submit their report together with the un-audited financial statements for the year ended 30th June, 2025 which show the state of the Authority's affairs.

i) Principal activities

The principal activities of the Authority are to manage, develop, rehabilitate, and maintain national roads.

ii) Results

The results of the Authority for the year ended 30th June, 2025 are set out on page 1.

iii) Directors

The members of the Board of Directors who served during the year are shown on pages *vii, viii and ix*.

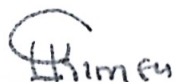
iv) Surplus remission

The Authority did not realize any distributable surplus during the year ended 30th June 2025 and hence there was no remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Authority's Financial Statements for the year ended 30th June 2025 in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Eng. Luka Kimeli
Ag. Director General and Secretary to the Board

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7. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30th, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Authority; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's Financial Statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

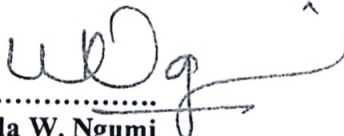
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Annual Report and Financial Statements for Road Maintenance Levy Fund
For the year ended 30th June 2025

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

Approval of the Financial Statements

The Authority's financial statements were approved by the Board on 29th August 2025 and signed on its behalf by:

Signature.....
Eng. Luka Kimeli
Ag. DIRECTOR GENERAL

Signature.....
Ms. Winfrida W. Ngumi
CHAIRPERSON OF THE BOARD

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ROAD MAINTENANCE LEVY FUND FOR THE YEAR ENDED 30 JUNE, 2025 - KENYA NATIONAL HIGHWAYS AUTHORITY

PREAMBLE

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

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

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

The 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 Roads Maintenance Levy Fund - Kenya National Highways Authority set out on pages 1 to 50, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial

performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Roads Maintenance Levy Fund - Kenya National Highways Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Kenya Roads Act 2007 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Long Outstanding Receivables

The statement of financial position and as disclosed in Note 11 to the financial statements, reflects total receivables balance of Kshs.5,318,102,470. Included in the balance is an amount of Kshs.4,667,952,745 relating to receivables from Kenya Roads Board, out of which an amount of Kshs.527,807,573 has been outstanding since 2022/2023 financial year. Management did not demonstrate efforts to collect the amount from Kenya Roads Board.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, two issues were raised under the Emphasis of Matter and Report on Lawfulness and Effectiveness in the Use of Public Resources. These include budgetary control and performance and anomalies noted during project inspection.

Review of the status during the audit of the Fund in 2024/2025 revealed that issues remained unresolved.

Other Information

Management is responsible for the Other Information set out on page ii to iv which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chair Pension's Statement Report of the Director General, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the 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 (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 December, 2025


KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Financial Statements For Road Maintenance Levy Fund
For the year ended 30th June 2025

V. Statement of Financial Performance for the Year Ended 30th June 2025

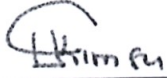
	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue			
Kenya Roads Board (Road Maintenance Levy Fund)	1	28,813,217,688	27,678,092,960
Interest income	2	16,135,975	30,344,343
Other Income	3	135,676,049	25,262,017
Transfer from Operation Budget (AIA)	4	600,294,220	-
Total Revenue		29,565,323,933	27,733,699,320
Expenditure			
Certified Works (Road Maintenance & Axle Load Expenses)	5	22,986,277,637	27,122,777,411
Other Road Work Expenses	6	37,475,845	76,405,225
Transfer to Operation	7	2,609,173,333	2,892,499,771
Transfer to Development Projects	8	2,100,000,000	2,100,000,000
Transfer to WIP (Weighbridge & Footbridge)	9	3,063,161,782	1,651,955,086
Bank Charges		3,457,632	1,083,829
Total expenditure		30,799,546,230	33,844,721,322
Surplus/(Deficit) for the year		(1,234,222,297)	(6,111,022,002)

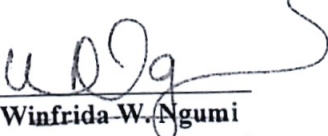
The notes set out on pages 16 to 30 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 15 were signed on behalf of the Board of Directors by:


CPA. Isaac Karumba
Ag. Deputy Director (Finance & Accounts)

ICPAK Member No. 3321


Eng. Luka Kimeli
Ag. Director General


Ms. Winfrida W. Ngumi
Chairperson of the Board

Date..... 04 06 2025

Date..... 04 06 2025


Date..... 04 06 2025

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Report and Financial Statements for Road Maintenance Levy Fund
For the year ended 30th June 2025

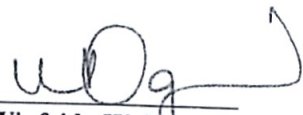
VI. Statement of Financial Position as at 30th June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	10	2,048,753,149	2,042,349,562
Receivables	11/12	5,318,102,470	6,765,212,699
Total Assets		7,366,855,619	8,807,562,261
Liabilities			
Current liabilities			
Certificates Payable	13	3,311,896,030	3,406,539,455
Retention Payable to Contractors	14	1,910,044,025	2,021,884,947
Total Liabilities		5,221,940,055	5,428,424,402
Net assets		2,144,915,564	3,379,137,860
Accumulated surplus		2,144,915,564	3,379,137,860
Total Net Assets and Liabilities		7,366,855,619	8,807,562,261

The Financial Statements set out on pages 1 to 15 were signed on behalf of the Board of Directors by:


 CPA. Isaac Karumba
 Ag. Deputy Director (Finance & Accounts)


 Eng. Luka Kimeli
 Ag. Director General


 Ms. Winfrida W. Ngumi
 Chairperson of the Board

ICPAK Member No. 3321

Date...04.05.2025...

Date...04.05.2025.....

Date...04.05.2025

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements for Road Maintenance Levy Fund
For the year ended 30th June 2025****9. Statement of Changes in Net Assets for the Year Ended 30th June 2025**

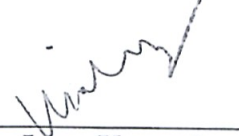
	Accumulated Surplus
Balance As At July 1, 2023	9,490,159,863
Surplus/(Deficit) for the year	(6,111,022,002)
Balance As At June 30, 2024	3,379,137,861
Balance As At July 1, 2024	3,379,137,861
Surplus/(Deficit) for the year	(1,234,222,297)
Balance As At June 30, 2025	2,144,915,564

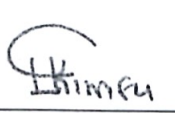
KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Report and Financial Statements for Road Maintenance Levy Fund
For the year ended 30th June 2025


VII. Statement of Cash Flows for The Year Ended 30th June 2025

	2024-2025	2023-2024
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Receipts from KRB	28,813,217,688	27,678,092,960
Interest Income	16,135,975	30,344,343
Other Income	135,676,049	25,262,017
Transfer from Operation Budget (AIA)	600,294,220	-
Total Receipts	29,565,323,933	27,733,699,32
Payments		
Road Maintenance and Axle Load Expenses	22,986,277,637	27,122,777,411
Other Road Work Expenses	37,475,845	76,405,225
Transfer to Operation	2,609,173,333	2,892,499,771
Transfer to Development	2,100,000,000	2,100,000,000
Transfer to WIP - (Weighbridge & Footbridge)	3,063,161,782	1,651,955,086
Finance Costs – Bank Charges	3,547,632	1,083,829
Total Payments	30,799,546,230	33,844,721,322
Surplus/(Deficit)	(1,234,222,297)	(6,111,022,002)
Changes in Working Capital Balances		
(Increase)/Decrease in Receivable Exchanges	1,447,110,229	(1,407,447,018)
Increase/(Decrease) in Payables/Retention	(206,484,346)	3,452,999,152
Net Change in Working Capital	1,240,625,883	2,045,552,135
Net Cash Flow from Operating Activities	6,403,586	(4,065,469,868)
Net Cash Flows from Investing Activities	-	-
Net cash flows used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	6,403,586	(4,065,469,898)
Cash and cash equivalents at 1 st July	2,042,349,562	6,107,819,430
Cash and cash equivalents at 30th June	2,048,753,149	2,042,349,562

**** The Authority's cash flow statement is presented using the direct method


CPA. Isaac Karumba
 Ag. Deputy Director (Finance & Accounts)


Eng. Luka Kimeli
 Ag. Director General


Ms. Winfrida W. Ngumi
 Chairperson of the Board

ICPAK Member No. 3321

Date..... 04.07.2025

Date..... 04.07.2025

Date..... 04.07.2025

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Financial Statements For Road Maintenance Levy Fund
For the year ended 30th June 2025

VIII. Statement of Comparison of Budget and Actual Amounts as at 30th June 2025

	APRP BUDGET	ACTUAL	VARIANCE	VARIANCE
	2024-2025	2024-2025	2024-2025	2024-2025
	Kshs.	Kshs.	Kshs.	%
Revenue				
40% RMLF	26,624,217,687	26,624,217,687	-	100%
Transit Tolls	2,072,142,360	1,274,000,001	(798,142,359)	61%
10% CS Allocation – Tana River Bridge	500,000,000	500,000,000	-	100%
10% - CS office Administrative Fund	200,000,000	-	(200,000,000)	0%
10% CS Allocation – Homa Bay Roads	415,000,000	-	(415,000,000)	0%
Operation Income (AIA)	600,294,220	600,294,220	-	100%
Total Income	30,411,654,267	28,998,511,908	(1,413,142,359)	95%
Less Transfer to Operation Budget	2,609,173,333	2,609,173,333	-	100%
Less Transfer to Development	2,100,000,000	2,100,000,000	-	100%
Budget for Maintenance Activities	25,702,480,934	24,289,338,575	(1,413,142,359)	95%
Expenditure				
Axle Load Activities	3,920,530,050	3,919,726,868	803,182	100%
Emergency Works	1,000,000	-	1,000,000	0%
Road Safety	300,000,000	298,835,312	1,164,688	100%
Bailey Bridges	9,000,000	8,582,590	417,410	95%
Road Condition Survey	96,434,930	96,414,228	20,702	100%
Operations, Maintenance of RMS & PBC Workshops	45,000,000	42,283,931	2,716,069	94%
Arbitration and Court Matters	9,000,000	8,517,118	482,882	95%
Road Side Development	25,000,000	24,938,782	61,218	100%
Research and Innovation	50,000,000	36,253,871	13,746,129	73%

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Report and Financial Statements for Road Maintenance Levy Fund
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Title Survey – Class S, A & B	67,459,971	67,459,971	-	100%
Monitoring & Evaluation/Operation Costs	42,000,000	41,706,524	293,476	99%
50 Year Master Plan & Traffic Data Collection	42,000	42,000	-	100%
Green Park Pedestrian Underpass-A8	1,030,000,000	1,023,771,819	6,228,181	99%
Bridges Programmes	786,536,029	783,603,217	2,932,812	100%
Conditional Allocation Projects	2,088,249,321	2,086,127,387	2,121,934	100%
Homa Bay Roads (10% CS Allocation)	415,000,000	42,402,722	372,597,278	10%
CS/PS Administrative Expenses	200,000,000	-	200,000,000	0%
Corridor A (863KM)	1,425,098,487	1,408,633,156	16,465,331	99%
Corridor B (1,036KM)	1,536,217,524	1,529,542,614	6,674,910	100%
Corridor C (968KM)	2,155,382,981	2,112,398,117	42,984,864	98%
Corridor D (KM)	866,177,658	844,168,309	22,009,349	97%
Nairobi (858KM)	957,207,327	949,930,090	7,277,237	99%
Central (1,123KM)	1,086,453,119	1,072,800,667	13,652,452	99%
Coast (1,799KM)	1,333,784,570	1,332,992,992	791,578	100%
Upper Eastern (2,542KM)	853,486,435	848,121,305	5,365,130	99%
Lower Eastern (1,529KM)	847,151,584	827,011,885	20,139,699	98%
North Eastern (3,443KM)	645,524,317	639,752,825	5,771,492	99%
Nyanza (1,385KM)	2,142,418,080	2,140,177,204	2,240,876	100%
South Rift (1,516KM)	1,305,387,453	1,300,337,245	5,050,208	100%
North Rift (3,053KM)	787,210,725	758,295,762	28,914,963	96%
Western (1,326KM)	675,728,373	660,211,164	15,517,208	98%
Totals	25,702,480,934	24,905,039,674	797,441,260	97%

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Financial Statements For Road Maintenance Levy Fund
For the year ended 30th June 2025

BUDGET NOTES

a) Road Maintenance Levy Fund & Transit Tolls

The Revised fuel levy budget was approved by the Board of Directors on 29th January, 2025

b) Road maintenance and axle load expenses

The variance was a result of some projects not fully absorbing their annual budget provisions, the fourth quarter maintenance works procurement process was concluded towards the end of the financial year. Advance payments are included in the statement of comparison of Budget Vs Actual and treated as receivables in the Statement Financial Position.

c) Changes between Original and Final budget

The changes between original and final budget were as a result of revision of the budget within the Financial Year.

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Financial Statements For Road Maintenance Levy Fund
For the year ended June 30, 2025

18. Summary of Significant Accounting Policies

1. General Information

Authority is established by and derives its authority and accountability from Kenya Roads Act, 2007. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is the management, development, rehabilitation, and maintenance of National roads.

2. Statement of Compliance and Basis of Preparation

The RMLF financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

a) New and amended standards and interpretations in issue effective in the year ended 30th June 2025

There were no new and amended standards issued in the financial year.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2025

IPSAS 45:	<i>Applicable 1st January 2025</i>
Property Plant and Equipment	The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Financial Statements For Road Maintenance Levy Fund
For the year ended June 30, 2025

	has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

c) Early adoption of standards

The Authority did not early – adopt any new or amended standards in Financial Year 2023/24.

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Financial Statements For Road Maintenance Levy Fund
For the year ended June 30, 2025

4. Revenue Recognition

i) Revenue from Non-Exchange Transactions

Transfers from Other Government Entities/ Transfer of RMLF from KRB

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. In particular, revenue from non- exchange transactions relates to the transfer of funds from KRB to RMLF for the Road Authorities.

5. Certified Works

Certified works are recognized when the works can be measured reliably and/ or when certificates of work done are received by the Road Authority.

6. Roadwork Commitments

Roadwork commitments arise from contracts entered into with contractors for road maintenance and development.

7. Transfers to Operations

This relates to 4% of the RMLF amount allowable for use by the Road Authority for operational activities. Operating expenses are expenses incurred by the Road Authority in the normal day to day operation of the RMLF.

8. 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 various commercial banks at the end of the financial year. For the purposes of these Financial Statements, cash and cash equivalents relates to bank balances in commercial banks for the RMLF as at the end of the financial year.

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Financial Statements For Road Maintenance Levy Fund
For the year ended June 30, 2025

9. Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

For the purposes of these Financial Statements, receivables and payables will include: -

- a. **GoK Receivables:** Relates to RMLF that is receivable or refundable by GoK (RMLF that is utilized for development purpose by the Road Authority and is therefore refundable by the GoK)
- b. **Receivable from KRB:** Relates to RMLF amounts yet to be disbursed by KRB to the Road Authority.
- c. **Advances to Contractors:** Relates to recoverable advances made by a Road Authority to the Contractor.
- d. **Certificate Payables:** Relates to amounts owed to Contractors with respect to road maintenance, rehabilitation and development arising from certified works. When a certificate of work is raised by the contractor, the Road Authority will debit contract payable and credit certificate payable. When the actual payment is done based of the raised certificates, the Road Authority will debit the Certificate Payables and credit RMLF Bank
- e. **Other Payables:** This relates to other payables to suppliers that is not part of road maintenance, rehabilitation and development. This may be in form of consultancies or normal office supplies relating to the RMLF that is not directly attributed to the road development.
- f. **Retention Monies:** This relates to the percentage of the Contract amount that is retained by Road Authorities on every payment certificate raised awaiting the lapse of the defect period.

10. Budget information

The Annual Public Roads Programmed APRP (Original budget) for FY 2024/2025 was approved on 30th January 2024. Subsequent revisions or additional appropriations were made to the approved budget (APRP) in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget (APRP) by the Authority upon receiving the respective approvals in order to conclude the final budget.

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The Authority's budget is prepared based work plans from the Roads Authorities which is on cash basis. The Financial Statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

11. Nature and purpose of reserve

The surplus reserve represents the surplus or deficit of Road maintenance contributions against road maintenance expenses.

12. Changes in accounting policies and estimates

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

13. Related parties

The Authority regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Fund Managers and Fund Accountant.

14. Comparative figures

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

15. Events after the reporting period

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

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16. Ultimate and Holding Authority

The Authority is a Road Maintenance Levy Fund Agency established by KRB Act.

17. Currency

The Financial Statements are presented in Kenya Shillings (KShs).

18. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions

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

b) Provisions

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

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

19. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

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a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Authority has recognized in the Financial Statements is considered adequate to cover any potentially irrecoverable amounts.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Head of Finance, who has built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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20. Notes to the Financial Statements

1.0 Kenya Road Board (Road Maintenance Levy Fund)

Description	2024-2025	2023-2024
	KShs	KShs
40% Fuel Levy	24,524,217,687	24,402,092,960
Transit Toll	1,274,000,001	1,176,000,000
10% CS Allocation	915,000,000	-
Capital Grant for Development Projects	2,100,000,000	2,100,000,000
Total Revenue	28,813,217,688	27,678,092,960

2.0 Finance Income

The Finance income comprises of interest earned from Co-operative RMLF Bank Account no 01141160979901 amounting to Kshs

Description	2024-2025	2023-2024
	KShs	KShs
Gross Interest Income on RMLF Account	16,135,975	35,699,227
Less Withholding Tax	2,420,399	5,354,884
Net Interest Income	13,715,576	30,344,343

3.0 Other Income

Other income comprises Liquidated damages charged to various contractors for delay in completion of the projects as follows

S/N	Road Section	Contractor	Amount
1	Gilgil - Olkalou	Global link Enterprises Limited	456,000
2	Nanyuki-Lewa	Global Link East Africa Limited	13,659,057
3	Sultan Hamud - Makindu	Global Link East Africa Limited	9,441,068
4	Lareta-Wamba	Kitsman Engineering Limited	50,309
5	Luanda Kotieno - Bondo	King Construction Company Limited	38,473,542
6	Old A109 Magongo (B147/8/9)	Komol Contractors Co.Limited	368,082
7	Magumu- Njabini	Petwa Construction Co Ltd	14,028,310
8	Nanyuki-Lewa	Global Link East Africa Limited	9,106,038
9	B135-Sondu - Sosiot - Kapsoit(Nyz) (Mtce)	Cotiq Limited	2,650,000
10	Outering Road Jn - Kamulu	Gragab Agencies Ltd	14,583,349
11	Kyumvi - Sultan Hamud	Kiu Construction Ltd-Mtce	20,385,524
12	Maralal - Marti- Baragoi	Tagheuer Civil Engineering Ltd	200,000
13	Magumu- Njabini	Petwa Construction Co Ltd	12,274,772
	Total		135,676,049

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4.0 Transfer from Operation (AIA)

Transfer from operations refers to Appropriations in Aid transferred from the operation budget.

5.0 Road Maintenance & Axle Load Expenses (Certified Works)

Description	2024-2025	2023-2024
	KShs	KShs
Road maintenance expenses	19,476,494,369	24,277,990,347
Emergency Road Works	156,724,380	335,589,612
Weighbridges Management Contracts	3,277,431,902	2,425,085,058
Monitoring & Evaluation	75,626,986	85,212,073
Total Road Maintenance & Axle Load Expenses	22,986,277,637	27,200,282,315

6.0 Other Road Work Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Research & Innovation	37,475,845	76,405,225
Other Road Work Expenses	37,475,845	76,405,225

7.0 Transfer to Operation

Description	2024-2025	2023-2024
	KShs	KShs
4% RMLF Operation Funds	2,609,173,333	2,848,746,400
Finance Income (Interest income from Cooperative Bank Account)	-	43,753,371
Total Expenses	2,609,173,333	2,892,499,771

*****KRB Act, 1999 Section 6 (2) (1) the Highways Authority, the rural Roads Authority and the Urban Roads Authority may utilize such portion of monies received from the Fund for operational and administrative expenses as may be approved by the Minister on the advice of the Board: Provided that such expenditure shall not in any year exceed, as a proportion of the projected annual expenditure of the Fund; in the case of the Highways Authority, four percent;*

8.0 Transfer to Development Projects

Description	2024-2025	2023-2024
	KShs	KShs
List per project		
Isebania - Mukuyu - Kisii - Ahero Road (A1)	-	20,000,000
Kibwezi - Mutomo - Kitui Road (B7)	50,000,000	200,000,000
James Gichuru junction – Rironi	150,000,000	-

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Lamu Port Access Road	-	130,000,000
Athi River – Machakos	100,000,000	-
Merille – Marsabit	-	150,000,000
Shegel – Maikona & Maikona Spur Roads & Town Rd	50,000,000	-
Ruiru – Githunguri – Uplands	84,000,000	
Narok – Sekenani	-	250,000,000
Changamwe – Magongo – Kwa Jomvu	100,000,000	-
Nyaru – Iten	214,000,000	-
Lot 1: Moru Barpello – Tot Junction	100,000,000	150,000,000
Lot2: Tot Junction Chesogon – -Kopasi River	100,000,000	150,000,000
Lot 3: Kopasi River – Lomut-Sigor – Marich Pass	100,000,000	430,000,000
Kisumu Boys – Mambo Leo	150,000,000	116,000,000
Lot1: Mamboleo (A1) – Miwani	100,000,000	117,000,000
Lot2: Miwani – Chemelil Road	100,000,000	117,000,000
Lot3: Chemelil Road – Muhoroni	200,000,000	100,000,000
Wikiliye – Kathukini-Kwa Muli-Nzukini-Mbumbuni	150,000,000	70,000,000
Kambu Bridge	50,000,000	50,000,000
Thika – Magumu	100,000,000	50,000,000
Dhoghoye Bridge on Kisian Usenge	214,000,000	-
Total	2,100,000,000	2,100,000,000

9.0 Transfer to Work in Progress (WIP)

Description/Project	2024-2025	2023-2024
	KShs	KShs
WIP(Mtce) - Greenpark Pedestrian Safety Underpass Along James Gichuru-Museum Hill -Athi River	1,124,422,408	127,687,550
WIP(Mtce) - Pedestrian Crossing at Juja Highpoint - (A2) Road	309,800,789	112,619,181
WIP(Mtce) - Pedestrian Crossing Along Athi River - James Gichuru - (A8) Road	158,669,510	342,303,408
WIP(Mtce) - Pedestrian Footbridges at selected river bridges along Mai mahiu - Narok (B7) Road	32,061,290	52,988,268
WIP(Mtce) - Pedestrian Footbridges at selected river bridges along Eldoret-Malaba (A8) Road	7,229,518	42,798,143
WIP(Mtce) - Kanyonyo Weighbridge Stations	231,265,961	81,061,572
WIP(Mtce) - Virtual Weighbridge Stations	18,803,380	263,848,238
WIP(Mtce) - Athi River, Juja & Isinya Network Weighbridge Stations	49,046,390	70,134,696
WIP(Mtce) - Athi River, Juja & Isinya Network Weighbridge Stations	149,621,869	91,581,028
WIP(Mtce) - Mariakani ,Mtwapa & Dongo Kundu Network Weighbridge Stations	45,289,624	211,525,030
WIP(Mtce) - Busia, Rongo & Isebania Weighbridge Stations	75,598,257	182,282,759
WIP(Mtce) - Webuye Network Weighbridge Stations	34,180,291	73,125,214
WIP(Mtce) - Tana River Bridge	569,927,500.75	0
WIP(Mtce) - Malakisi Bridge	179,572,590.85	0
WIP(Mtce) - Lesongoy River Bridge Along Namanga Jn Amboseli Road	77,672,403.45	0
	3,063,161,782.05	1,651,955,087

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10.0 Cash and Cash Equivalents

(a) Analysis of Bank and Cash balances

These represent Fuel Levy Cash (For Roadworks) held at various banks, as follows

Description	2024-2025	2023-2024
	KShs	KShs
Co-operative Bank-RMLF A/C No. 01141160979901	445,539,723	247,211
National Bank – Retention A/C No. 01001032733200	1,589,157,919	-
Call Deposit – Co-operative Bank	-	2,000,000,000
Call Deposit – NBK	-	21,884,947
Regional Bank Balances		
KCB Bank-Nairobi Region – Ac. No 1114840149	373,969	13,915
KCB Bank-Coast Region – Ac. No 1114772089	305,774	7,721,066
KCB Bank-South Rift Region Ac. No 1114781592	-	1,152,680
KCB Bank-North Eastern Region Ac. No 1114751928	982,399	537,973
KCB Bank-Central Region Ac. No 1114745707	-	56,100
KCB Bank-Upper Eastern Region Ac. No 1114752045	1,315,600	550,365
KCB Bank- Lower Eastern Region Ac. No 1114756326	8,127,385	6,789,661
KCB Bank-Western Region Ac. No 1114774405	468,585	175,730
KCB North Rift - Ac. No 1114793272	429,732	389,971
KCB Nyanza - Ac. No 1114756229	2,052,062	1,730,266
Total	2,048,753,149	2,042,349,562

The Authority is not exposed to credit risk on cash and bank balances as the funds are held with sound financial institutions approved by the Central Bank of Kenya.

11.0 Receivables

Description	2024-2025	2023-2024
	KShs	KShs
Receivable from KRB	4,667,952,745	5,114,929,418
Contractors Advances	650,149,725	1,650,283,281
Total	5,318,102,470	6,765,212,699

12.0 Movement of Contractors Advance

Description	2024-2025	2023-2024
	KShs	KShs
Bal as at 1 st July	1,650,283,281	2,200,591,677
Advances issued during the Year	56,488,297	1,201,076,415
Less Recoveries from Contractors	(1,056,621,853)	(1,751,384,814)
Closing Balance as at 30th June	650,149,725	1,650,283,281

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13.0 Certificates Payable

Transaction date	Voucher/Invoice	Vendor Name	Road Section	Amount
13/06/2025	KeNH-Sundry-00080516/IPC 1-Wundanyi	Lessken Investment Ltd	Wundanyi - Mwatate	8,531,194.45
24/06/2025	KeNH-Sundry-00080905/IPC -6 Wote	Jomafic Construction And General Supplies Limited	Wote - Makindu	63,225,495.25
30/06/2025	KeNH-Sundry-00081192/IPC 8 -Webuye	Jonikwa Company Limited	Webuye - Maili Tisa	21,849,110.25
26/06/2025	KeNH-Sundry-00080940/IPC 5 -Wamunyu	Winmesh Limited	Wamunyu - Syongila	7,303,883.15
11/06/2025	KeNH-Sundry-00080510/IPC 6-Ugunja	Legend Machinery & Construction Ltd	Ugunja - Kisian	2,735,318.05
19/05/2025	KeNH-Sundry-00080626/FN 2- Londiani	Highland Surveyors	Title Survey - Class S, A & B	5,133,000.00
14/05/2025	KeNH-080362/IPC 6-Nrb S. Bypass	Led Power Technologies (EA) K Ltd	Southern Bypass Streetlighting	14,678,087.95
24/06/2025	KeNH-Sundry-00080894/IPC 23 -S.Bypass	Ebenezer Commercial Works Ltd	Southern Bypass - Section 2	27,382,020.90
30/06/2025	KeNH-Sundry-00081203/IPC 2 -Sarima	Scallop Enterprises Limited	Sarimo - Loiyangalani	6,084,837.95
12/06/2025	KeNH-Sundry-00032611/IPC 6-Saba	Blissmaks Services Ltd	Saba Saba-Malindi	24,799,495.00
09/06/2025	KeNH-Sundry-00032663/IPC 5-Saba	Dry Dock Suppliers Ltd	Saba Saba-Malindi	2,936,366.00
23/06/2025	KeNH-Sundry-00080913/IPC 9 -Ruiru	Lakezone Enterprises Ltd	Ruiru-Tatu City-Kiambu-Raini-Karura-Kikuyu	124,853,554.15
26/05/2025	KeNH-Sundry-00080538/IPC 10-Rongo	Ravine Logistics Ltd	Rongo - Homa Bay	2,768,061.60
09/05/2025	KeNH-080360/FN-T Survey Mau	Remconsult Ltd	Road Reserves Mapping, protection & Network Management	5,298,265.40
16/06/2025	KeNH-Sundry-00080624/FN 2- Bachuma gate	Eity Consult 2020 Ltd	Road Reserves Mapping, protection & Network Management	8,372,358.00
01/05/2025	KeNH-080376/FN-Isiolo Archers	Nile Surveys & Geosolutions Ltd JV Landscan Associates Co. Ltd	Road Reserves Mapping, protection & Network Management	4,273,852.00
24/04/2025	KeNH-Sundry-00080619/IPC 1-Rd Surface Profiler	Nariana Enterprises Ltd	Road Condition Survey (ARICs)	49,437,957.95
19/05/2025	KeNH-Sundry-00080566/INV-0344229	Kenya Literature Bureau	Research and Innovation (RACM)	260,141.15
22/05/2025	KeNH-Sundry-00080557/INV-60668609	Paul Caffé Ltd -Mtce	Research and Innovation (RACM)	105,000.00

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29/05/2025	KeNH-Sundry-00032652/IPC 5 E/Works	Digitex Investment Limited	Region Emergency(Western Region)	8,415,472.00
02/05/2025	KeNH-080415/IPC 6-Framework	Nexotech Logistics Co. Ltd	Region Emergency(Upper Eastern Region)	3,725,714.65
21/05/2025	KeNH-080391/IPC-2 Framework	Joyden Limited	Region Emergency (Nairobi Region)	3,103,763.60
29/05/2025	KeNH-Sundry-00032396/IPC 8 Kamulu	Gragab Agencies Ltd	Outering Road Jn - Kamulu	57,918,574.15
30/06/2025	KeNH-Sundry-00081176/IPC-4 Ololunga	Grayan Investments Ltd	Ololunga - Lamek	3,426,616.80
09/06/2025	KeNH-Sundry-00080546/IPC 2-Magongo	Sevic Ventures Limited	Old A109 Magongo (B147/8/9)	4,045,425.15
03/06/2025	KeNH-Sundry-00080524/IPC 1-Nyaramba	Nyabikaye Communications Ltd	Nyaramba - Chemosit	7,395,153.95
26/06/2025	KeNH-Sundry-00080937/IPC 3 - Nyahururu	Afela Limited	Nyahururu Interchange-Naivasha (A8) Road (MTCE) (Corr B)	19,051,549.60
13/06/2025	KeNH-Sundry-00080528/IPC 7-Ndenderu	Pamuco Builders Ltd	Ndenderu-Kamandura	7,682,475.45
24/06/2025	KeNH-Sundry-00080892/IPC 2 -Narusura	Zylet Holdings Limited	Narusura - Morijo	7,653,094.20
02/05/2025	KeNH-080414/IPC 8 - Amala	Ibsey Construction Company Limited	Narok - Amala River	4,924,565.15
03/06/2025	KeNH-Sundry-00032628/IPC 9-Amala	Ibsey Construction Company Limited	Narok - Amala River	6,365,176.50
02/05/2025	KeNH-080423/IPC 2 Lesongoy Bridge	Ogle Construction Company Limited	Namanga - Amboseli Gate - A5 Junction(Kimana)	42,672,403.45
18/06/2025	KeNH-Sundry-00080601/IPC 3- Rironi	Wang Ujenzi Co. Ltd	Naivasha-Rironi (Corr B) (Mtce)	28,146,539.25
02/04/2025	KeNH-079700/IPC 16-S/Light Thika	Match Electricals Ltd	Nairobi-Thika - Street Lighting	13,457,541.55
06/05/2025	KeNH-080356/IPC-38 Nairobi	Dalab Construction Limited - Thika Rd	Nairobi-Thika - Section1 - [Nairobi - Ruiru]	9,258,753.75
24/06/2025	KeNH-Sundry-00080911/IPC 3 -Morijo	Komol Contractors Co.Limited	Morijo - Oloiborto (CB Kajiado)	4,081,808.00
26/05/2025	KeNH-Sundry-00080560/INV-58198	Sawela Lodges Lk Naivasha -Mtce	Monitoring & Evaluation/Operation Costs on Road Works (Mtce)	172,000.00
26/05/2025	KeNH-Sundry-00080564/INV-16988	Semara Hotels -Mtce	Monitoring & Evaluation/Operation Costs on Road Works (Mtce)	80,000.00
26/05/2025	KeNH-Sundry-00080562/INV-7103	Gelian Hotel Machakos - Mtce	Monitoring & Evaluation/Operation	104,000.00

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			Costs on Road Works (Mtce)	
26/05/2025	KeNH-Sundry-00080526/IPC 15-Moi	Pajalitech Limited	Moi International Airport/ Port Reitz	1,047,064.85
06/05/2025	KeNH-Sundry-00032414/IPC-4 Moi	Hiracon Limited	Moi International Airport/ Port Reitz	5,665,502.80
30/06/2025	KeNH-Sundry-00081173/IPC-8 Chiakariga	Wizpro Enterprises Limited	Meru - Chiakariga	9,039,337.10
11/06/2025	KeNH-Sundry-00080515/IPC-11 Merille	Veracity General Limited	Merrile River – Malkis	2,595,684.70
26/06/2025	KeNH-Sundry-00080936/IPC 10 -Mazeras	Sosmut Trading Company	Mazeras-Ribe-kaloleni	30,327,847.35
30/06/2025	KeNH-Sundry-00081177/IPC-5 Marua	Raken Limited	Marua -Nanyuki	10,744,998.95
26/06/2025	KeNH-Sundry-00080942/IPC 13 -Marsabit	Vijay Limited	Marsabit - Turbi	4,047,377.70
13/03/2025	KeNH-078988/IPC 11- Bubisa	OSB Africa Limited	Marsabit - Turbi	7,212,449.30
28/02/2025	KeNH-078819/IPC 2- Mariwa	Kabeka Investment Limited	Mariwa - Kilgoris (B130)	5,412,604.36
03/06/2025	KeNH-Sundry-00032598/IPC 3-Mariakani	Ebenezer Commercial Works Ltd	Mariakani, Mtwapa & Network	30,279,910.75
24/06/2025	KeNH-Sundry-00080907/IPC 4 -Mariakani	Ebenezer Commercial Works Ltd	Mariakani, Mtwapa & Network	38,401,170.75
15/05/2025	KeNH-Sundry-00032622/IPC 2-Marti	Cullinan Engineering Ltd	Maralal - Marti-Baragoi	1,849,657.10
30/06/2025	KeNH-Sundry-00081315/IPC-2 Maralal	Tagheuer Civil Engineering Ltd	Maralal - Marti-Baragoi	6,618,889.20
23/05/2025	KeNH-Sundry-00080545/IPC 3-Webuye	Savory Agencies Ltd	Management Contract for Webuye WB Stations & 2073KM Adjacent Road	12,544,594.90
30/06/2025	KeNH-Sundry-00081179/IPC-4 Webuye	Savory Agencies Ltd	Management Contract - Webuye, Malaba, Eldoret & Network	20,380,160.45
30/06/2025	KeNH-Sundry-00081308/IPC-4 Sabaki Bridge	Desart Agencies Ltd	Malindi - Garsen	4,548,650.00
11/06/2025	KeNH-Sundry-00080504/IPC 15-Malaba	Juba Concrete and Steel Engineering (JCSE) Limited	Malaba - Webuye	13,081,230.00
30/06/2025	KeNH-Sundry-00081205/IPC 20 -Mai Mahiu	Docks Investment & Supplies Company Limited	Maimahiu-Duka Moja	18,185,482.55

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04/02/2025	KeNH-078769/IPC-9 Magumu	Petwa Construction Co Ltd	Magumu- Njabini	6,480,607.15
15/05/2025	KeNH-080427/IPC-11 Modika	Lilaaf Construction Co. Ltd	Madogo - Modika	26,284,361.60
26/06/2025	KeNH-Sundry- 00080943/IPC 3 -Machakos	Solotruck Agency Ltd	Machakos - Katumani	1,472,028.40
29/05/2025	KeNH-Sundry- 00032646/IPC 13- Lokitaung	Digitex Investment Limited	Lokitaung Junction - Kalobeiyei River (A1) Road	3,018,320.00
30/06/2025	KeNH-Sundry- 00081202/IPC 2 - Loiyangalani	Blackrod Civil Engineering Systems Ltd	Loiyangalani - Gass - North Horr	2,068,300.40
23/06/2025	KeNH-Sundry- 00080912/IPC 4 -Kiambu	Sawira General Contractors Limited	Limuru - Kiambu	2,402,661.45
30/06/2025	KeNH-Sundry- 00081180/IPC-4 Lewa	Bichard Limited	Lewa-Isiolo	14,961,702.90
11/06/2025	KeNH-Sundry- 00032608/IPC 20-Mutomo	Aquiltech Construction Limited	Kitui - Mutomo	5,218,575.55
20/05/2025	KeNH-Sundry- 00032595/IPC 38-Busia	Joint Ventures of Gokhan Technical Services Ltd & Masterspace Solutions Ltd	Kisumu, Busia, Isebania & Network	38,496,926.60
27/05/2025	KeNH-Sundry- 00032338/IPC 3 -Busia	Gokhan Technical Services Ltd	Kisumu, Busia, Isebania & Network	18,797,545.70
30/06/2025	KeNH-Sundry- 00081194/IPC 4 -Busia	Gokhan Technical Services Ltd	Kisumu, Busia, Isebania & Network	33,760,974.25
01/05/2025	KeNH-Sundry- 00032657/IPC 9-Kisumu Bypass	Digitex Investment Limited	Kisumu Bypass	1,229,832.00
03/06/2025	KeNH-Sundry- 00032660/IPC 10-Kisumu Bypass	Digitex Investment Limited	Kisumu Bypass	307,168.00
24/06/2025	KeNH-Sundry- 00080902/IPC 12 -Kisiriri	Forty Rocks Enterprises Ltd	Kisiriri - Mau Narok	15,169,876.80
24/06/2025	KeNH-Sundry- 00080898/IPC-4 Kisii	Spanska Construction Ltd	Kisii - Nyaramba	14,992,901.40
24/06/2025	KeNH-Sundry- 00080900/IPC 13 -Kisian	Ragot Ltd	Kisian - Ahero	12,127,152.90
02/05/2025	KeNH-080411/IPC-1 Mugeka	Territorial Works (K) Ltd - Mtce	Kiriaini-Mugeka	38,135,964.00
02/05/2025	KeNH-Sundry- 00080509/IPC-8 Mugeka	Territorial Works (K) Ltd - Mtce	Kiriaini-Mugeka	79,914,321.05
03/06/2025	KeNH-Sundry- 00080508/IPC 1-Kinango	Kerada Jc Ltd	Kinango - Mariakani	9,582,017.60

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11/02/2025	KeNH-078773/IPC-2 Komani	Jowasu Company Limited	Kinango - Kombani - Kwale	19,225,385.80
03/06/2025	KeNH-Sundry- 00080503/IPC 3-Kombani	Jowasu Company Limited	Kinango - Kombani - Kwale	5,747,072.10
30/06/2025	KeNH-Sundry- 00081312/IPC-3 Kenol	Jowhar Investment Ltd	Kenol - Murang'a	4,705,868.35
23/06/2025	KeNH-Sundry- 00080627/IPC 8- Rodi kopany	Decotec Enterprises Limited	Kendu Bay - Homa Bay	389,760.00
02/04/2025	KeNH-Sundry- 00080628/IPC 1- Kawalathe	Mych Communication Ltd	Kawalathe Drift (A1) Road	1,390,600.00
26/06/2025	KeNH-Sundry- 00080944/IPC 5 -Katumani	Sentro Enterprises Ltd	Katumani - Ukia - Wote	2,486,103.30
28/05/2025	KeNH-Sundry- 00080511/IPC-3 Katumani	Uniquewood Ltd	Katumani - Ukia - Wote	3,087,827.20
29/05/2025	KeNH-Sundry- 00080514/IPC- 2 Katumani	Uniquewood Ltd	Katumani - Ukia - Wote	2,616,438.00
30/06/2025	KeNH-Sundry- 00081310/IPC-1 Karatina	Riko General Merchants Ltd	Karatina - Kagumo - Kutus (Cen) (Mtce)	22,883,071.75
11/06/2025	KeNH-Sundry- 00080540/IPC 11-Kaplong	Resjos Enterprises Limited	Kaplong-Kisii	62,273,667.55
11/06/2025	KeNH-Sundry- 00080505/IPC 3-Kapcherop	Kaplois Enterprises Ltd	Kapcherop-Naiberi- Kapchorua-Torongo	7,795,374.00
30/06/2025	KeNH-Sundry- 00081183/IPC-21 Kanyonyo	Shinoyi Investment Co. Ltd	Kanyonyo - Mwingi	5,046,743.20
30/06/2025	KeNH-Sundry- 00081313/IPC-3 Kangema	Eurogen Contractors Ltd	Kangema - Gacharage (MTCE) (CEN)	15,919,023.80
09/06/2025	KeNH-Sundry- 00032616/IPC 10- Kamwosor	Bymet Building Contractors Ltd	Kamwosor - Eldama Ravine	12,524,056.00
09/06/2025	KeNH-Sundry- 00032630/IPC 4-Kampi ya Moto	Jepcom Ventures Ltd	Kampi ya Moto - Eldama Ravine (B77) Road	17,080,917.60
09/06/2025	KeNH-Sundry- 00080579/IPC 1-Kakuzi	Jepchir Holdings Limited	Kakuzi- Junct. A2 Makuyu (B67) Road	6,293,159.50
12/05/2025	KeNH-080368/IPC 7- Kiboswa	Spencol Contractors Limited	Kakamega- Kiboswa	5,749,571.15
30/06/2025	KeNH-Sundry- 00081145/IPC-7 Kabarnet	Hyson Green Limited	Kabarnet - Marigat	4,451,343.40

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04/04/2025	KeNH-079739/IPC-3 Lokichar	Lakezal Enterprises Ltd	JN A1 [Lokichar] - Amosing (Ngamia Oil Fields)	13,289,324.15
30/06/2025	KeNH-Sundry-00081200/IPC 4 - Lokichar	Lakezal Enterprises Ltd	JN A1 [Lokichar] - Amosing (Ngamia Oil Fields)	21,820,002.25
03/06/2025	KeNH-Sundry-00032612/IPC 7-Athi River	H. Young & Co. (E.A) Ltd-Mtce	James Gichuru - Museum Hill	158,669,509.60
01/05/2025	KeNH-Sundry-00032625/IPC 11-Virtual WB	Danka Africa (K) Ltd	Installation and management Virtual Weigh Bridge Stations	8,474,722.30
29/05/2025	KeNH-Sundry-00032631/IPC 12-Virtual WB	Danka Africa (K) Ltd	Installation and management Virtual Weigh Bridge Stations	66,393,551.85
30/06/2025	KeNH-Sundry-00081195/IPC 4 -Athi River	Danka Africa (K) Ltd	Installation and management Virtual Weigh Bridge Stations	60,015,716.35
01/05/2025	KeNH-Sundry-00032603/IPC 11-Data Centre	Joint Ventures of Gokhan Technical Services Ltd & Masterspace Solutions Ltd	Installation and management Virtual Weigh Bridge Stations	5,624,936.65
23/05/2025	KeNH-Sundry-00032607/IPC 12-Data Centre	Joint Ventures of Gokhan Technical Services Ltd & Masterspace Solutions Ltd	Installation and management Virtual Weigh Bridge Stations	5,624,936.65
30/06/2025	KeNH-Sundry-00081201/IPC 12 -Busia	Joint Ventures of Gokhan Technical Services Ltd & Masterspace Solutions Ltd	Installation and management Virtual Weigh Bridge Stations	5,624,936.65
03/06/2025	KeNH-Sundry-00032596/IPC 11-Virtual WB Western	Ebenezer Commercial Works Ltd	Installation and management Virtual Weigh Bridge Stations	10,921,117.80
03/06/2025	KeNH-Sundry-00032597/IPC 12-Virtual WB Western	Ebenezer Commercial Works Ltd	Installation and management Virtual Weigh Bridge Stations	48,794,320.50
30/06/2025	KeNH-Sundry-00081178/IPC-13 Virtual WB	Ebenezer Commercial Works Ltd	Installation and management Virtual Weigh Bridge Stations FY 23-24	39,849,864.35
30/06/2025	KeNH-Sundry-00081175/IPC-3 Buluk	Al-Hussain Investment Ltd	Illeret - Police Border Post	9,262,637.10
11/06/2025	KeNH-Sundry-00032594/IPC 15-Garsen	A. A. Bayusuf And Sons Ltd.	Hola - A7 Garsen	19,169,961.60
29/05/2025	KeNH-Sundry-00032641/IPC 3-Gilgil	Danka Africa (K) Ltd	Gilgil, Mai Mahiu & Network	29,637,899.10
09/06/2025	KeNH-Sundry-00032602/IPC 6-Gilgil	Globalinks Enterprises Limited	Gilgil - Olkalou	2,429,379.90
03/06/2025	KeNH-Sundry-00032599/IPC 2-Garsen	Equistar Limited	Garsen - Witu - Lamu	54,643,882.20

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09/06/2025	KeNH-Sundry-00032609/IPC 5-Gacharage	Greenpool Engineering Limited	Gacharage - Thika	2,494,935.60
04/06/2025	KeNH-Sundry-00080551/IPC 1-Framework	Segland Limited	Framework Contracting (Corr A)	1,859,525.95
30/06/2025	KeNH-Sundry-00081314/IPC-4-E/Works Coast	Leocetus Limited	Frame Work Contract for Emergency	5,012,244.00
30/06/2025	KeNH-Sundry-00081185/IPC 1 -E/Works	Greenpool Engineering Limited	Frame Work Contract	19,410,628.80
08/04/2025	KeNH-079697/IPC 2-Fatuma	Diamond Nile Construction Ltd	Fatuma Golicha-Maalmin (N/Eastern)(Mtce)	8,364,179.05
06/05/2025	KeNH-079984/IPC5-Ena	Smeersburg Ltd	Ena - Kanyuambora - Thuchi River - Chiakariga Road	4,157,329.90
24/06/2025	KeNH-Sundry-00080903/IPC -3 Emining	Iftin Building & Civil Engineering Ltd	Emining - Marigat	52,806,539.30
09/05/2025	KeNH-080370/IPC-2 Emining	Iftin Building & Civil Engineering Ltd	Emining - Marigat	33,760,229.30
08/05/2025	KeNH-080361/IPC 6-Emali	Flolizz Contractors Limited	Emali - Isineti	4,543,491.00
03/06/2025	KeNH-Sundry-00032600/IPC 6B-Emali	Flolizz Contractors Limited	Emali - Isineti	4,543,491.00
03/06/2025	KeNH-Sundry-00032635/IPC 3-Dzitsoni	Jowak Agencies Limited	Dzitsoni-Jaribuni - Tezo	1,057,347.35
09/06/2025	KeNH-Sundry-00080513/IPC-3 Dundori	Zege Limited	Dundori-Olkalou(CEN)(MTCE)	19,100,588.50
26/06/2025	KeNH-Sundry-00080939/IPC 13 -Narok	Eufonia Contractors Limited	Duka Moja-Narok	4,487,010.45
26/06/2025	KeNH-Sundry-00080945/IPC 5 -Mjijune	Kaera Limited	Buuri -Mucheene-Katheri-Gitimbeine A9 Junct (Meru)	4,793,317.20
18/06/2025	KeNH-Sundry-00080605/IPC 9 - Ugunja	Katebes Enterprises Limited	Busia - Ugunja	6,809,247.70
30/06/2025	KeNH-Sundry-00081165/IPC-3 Bumala	Vivid Mission Enterprises Ltd	Bumala - Nangina - Ruambwa (B138)	9,548,930.95
15/05/2025	KeNH-080344/IPC-3 Bondo	Amas Trading Co. Ltd	Bondo - Siaya - Rangala	12,549,693.25
12/06/2025	KeNH-Sundry-00080548/IPC 3-Bomas	Sihaam Limited	Bomas - Kiserian	62,512,731.50
24/06/2025	KeNH-Sundry-00080909/IPC 4 -Bilbil	Garissa Brothers Construction Eng. Ltd.	Bilbil-Bura(B89)-NE	26,855,397.35

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30/05/2025	KeNH-Sundry-00080506/IPC-3 Baragoi	Syram Investment Ltd	Baragoi-South Horr-Sarimo	2,217,567.35
02/05/2025	KeNH-080409/IPC 6-Rhamu	Aridlands Construction Co. Ltd	Banisa - Rhamu	26,863,972.15
03/06/2025	KeNH-Sundry-00080549/FN 9-Banisa	Simon Chepkuto	Banisa - Rhamu	3,900,000.00
30/06/2025	KeNH-Sundry-00081160/IPC-5 Bangali	Halane Construction Co. Ltd Mtce	Bangali - Madogo	14,936,274.95
11/06/2025	KeNH-Sundry-00080512/IPC 11-Balchuma Gate	Makam Technical Services Limited	Bachuma Gate - Maji ya Chumvi	6,673,817.40
01/04/2025	KeNH-079474/IPC-5 Nyaru	Ravine Logistics Ltd	B77-JCT A8 (Eldoret) - Nyaru - Kamwosor	4,824,837.15
30/06/2025	KeNH-Sundry-00081174/IPC-9 Cheptongei	Kimori General Construction Co. Ltd	B77-Cheptongei - Chebiemit	16,527,165.85
30/06/2025	KeNH-Sundry-00081197/IPC 2 - Kalacha	Jossyvest Limited	B75-North Horr-Kalacha (MTCE)(U/Eastern)	1,939,099.50
24/06/2025	KeNH-Sundry-00080897/IPC 7 -Lukenya	Eufonia Contractors Limited	B67-Lukenya-Joska-Kavilila(B67)	84,036,529.95
22/04/2025	KeNH-079619/IPC 6-Meru	Wak Construction Ltd	B66-Meru- Kangeta - Kangeta - Laari-Mutuati - A10 Kachulu	17,840,955.75
30/06/2025	KeNH-Sundry-00081198/IPC 8 -Meru-Kangeta	Wak Construction Ltd	B66-Meru- Kangeta - Kangeta - Laari-Mutuati - A10 Kachulu	35,164,889.80
24/06/2025	KeNH-Sundry-00080910/IPC 2 - Nyagwethe	Davem Tech East Africa Ltd	B2-Sindo - Nyagwethe (MTCE)(NYZ)	8,193,247.00
09/06/2025	KeNH-Sundry-00032624/IPC 6-Othaya	Hyland Goldmine Limited	B27-Othaya - Karatina	3,522,005.90
24/06/2025	KeNH-Sundry-00080891/IPC 8 -Murang'a	Pinula Enterprises Limited	B25-Muranga - Sagana	2,225,662.15
23/06/2025	KeNH-Sundry-00080948/IPC 2-Gwa Kungu	Pine Mesa Works Ltd	B22-Gwa Kung'u - Mutaara	8,231,725.65
18/06/2025	KeNH-Sundry-00080608/IPC 3- Kampi ya moto	Tykon Holdings Ltd	B17-Nakuru-Kampi ya Moto (S/Rift)(Mtce)	28,084,495.40
06/05/2025	KeNH-080347/IPC 5-Malakasi	Civiscope Limited	B13-Malakisi Bridge	28,240,615.85

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12/05/2025	KeNH-080312/IPC 2-Sotik	Onster Group Ltd	B134-Sotik Tea Factory - Litein - Bomet (S/R) (Mtce)	29,743,214.25
03/06/2025	KeNH-Sundry-00080520/IPC 3-KCC (Sotik)	Matabi Ventures	B133-KCC (Sotik) - Ndanai - Gorgor (S/R) (Mtce)	6,868,313.60
26/06/2025	KeNH-Sundry-00080946/IPC 2 -Londiani	Calibeth Holdings Ltd	B132-Muhoroni-Fort Tenan Bridge(Nyz) (Mtce)	15,084,653.90
11/03/2025	KeNH-078818/IPC-2 Sekenani	Tendeo Africa Limited	B131-Sekenani - Sand River (S/Rift)(Mtce)	5,459,376.70
26/06/2025	KeNH-Sundry-00080938/IPC 8 - Chepsonoi	Juvenile Contractors Limited	B12-Jn C675 Chepsonoi - Kapsabet	14,553,647.65
22/05/2025	KeNH-Sundry-00032413/IPC-4 Lessos	Loysons Investments Ltd	B12-JN B8 [Chebarbar] - Lessos - Nabkoi	4,181,201.95
14/05/2025	KeNH-080359/IPC-2 Njoro	Fountain Construction Co. Ltd	B129-Njoro - Mau Summit (S/R) (Mtce)	7,941,459.20
30/06/2025	KeNH-Sundry-00081181/IPC-3 Siaya	Tewaki Limited	B127-Siaya - Ruambwa (Nyz)(Mtce)	17,864,264.25
19/06/2025	KeNH-Sundry-00080606/IPC 5 - Kiganjo	Ezeili Company Limited	B111-Ihururu-Kingongo-Kiganjo	3,412,748.30
14/05/2025	KeNH-080410/IPC 4-Machakos	Benmoore Civils Limited	B105- Machakos - Kangundo (L/E) (Mtce)	16,068,636.75
30/06/2025	KeNH-Sundry-00081162/IPC-10 Athi River	Paschal Construction Company Ltd	Athi River-Kyumvi	16,092,241.05
29/05/2025	KeNH-Sundry-00032633/IPC 3-Athi River	Danka Africa (K) Ltd	Athi River, Juja, Isinya & Network	52,211,582.25
30/06/2025	KeNH-Sundry-00081193/IPC 4 -Gilgil	Danka Africa (K) Ltd	Athi River, Juja, Isinya & Network	34,654,263.45
20/06/2025	KeNH-VII-00081401/04.D/S.Legal/Vol 42/63..	Bridget M. Orowe & Other Vs Kenya	Arbitration and Contractual Matters	478,785.00
30/06/2025	KeNH-Sundry-00081148/IPC-5 Aitong	Horizontal Conveyors Limited	Aitong - Mara River	3,393,174.00
11/06/2025	KeNH-Sundry-00080550/IPC 14-Kitui	Solitek Contractors Limited	A9- Kitui - Tulia (L/E) (Mtce)	1,011,288.00
13/06/2025	KeNH-Sundry-00080519/IPC-13 Ole Sereni	Wolf Paving Works Kenya Limited	A8-James Gichuru Rd Jn - Southern Bypass Interchange (Ole Se	143,230,720.65

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30/05/2025	KeNH-Sundry-00080547/IPC 10-James Gichuru	Shovels And Trowels Ltd	A8-James Gichuru Rd Jn - Southern Bypass Interchange (Ole Se	13,993,612.40
03/06/2025	KeNH-Sundry-00080523/IPC 10-James Gichuru	Nas International Holdings Ltd	A8-Athi River-Museum Hill-James Gichuru	7,194,690.05
26/06/2025	KeNH-Sundry-00081095/IPC 10-James Gichuru.	Nas International Holdings Ltd	A8-Athi River-Museum Hill-James Gichuru	1,438,938.00
30/06/2025	KeNH-Sundry-00081196/IPC 11 -James Gichuru	Nas International Holdings Ltd	A8-Athi River-Museum Hill-James Gichuru	44,024,578.45
26/06/2025	KeNH-Sundry-00080947/IPC 3 -Eldoret	Vander Belt Construction Ltd	A8 - Eldoret Bypass	12,740,200.85
03/06/2025	KeNH-Sundry-00080521/IPC 2-Lamu Port	Match Electricals Ltd	A7-Lamu Port Link Road(Cst) (Mtce)	6,071,204.25
30/06/2025	KeNH-Sundry-00081307/IPC-11 Olkalou	Ernest & Dave Supplies & Service Company Limited	A4-Olkalou - Nyahururu	32,673,468.15
26/05/2025	KeNH-Sundry-00080525/IPC 6-Nyahururu	Oleteyan Development Ltd	A4-Nyahururu - Rumuruti	4,711,842.35
12/05/2025	KeNH-080417/IPC 3-Thika	Isil Ventures Limited	A3-Thika - Kilimambogo (MTCE-Corr C)	2,421,369.30
30/06/2025	KeNH-Sundry-00081182/IPC-4 Thika	Isil Ventures Limited	A3-Thika - Kilimambogo (MTCE-Corr C)	11,992,957.50
24/06/2025	KeNH-Sundry-00080963/AEP2025010	Artful Eyes Production Ltd -Mtce	A3-Tana River Bridge -Garissa Town	580,000.00
14/05/2025	KeNH-Sundry-00080542/FN 7-Ukasi	Rhines in JV With CM Kamau in Association with Batch	A3-Tana River Bridge -Garissa Town	5,830,788.40
01/04/2025	KeNH-079705/IPC 5-Ukasi	Victoria Engineering Co. Ltd - (Mtce)	A3-Tana River Bridge -Garissa Town	39,862,916.40
01/04/2025	KeNH-Sundry-00080517/IPC-6 Ukasi	Victoria Engineering Co. Ltd - (Mtce)	A3-Tana River Bridge -Garissa Town	150,916,216.45
24/06/2025	KeNH-Sundry-00080965/Inv No. 282	Eldama Graphics & Supplies -Mtce	A3-Tana River Bridge -Garissa Town	1,010,000.00
24/06/2025	KeNH-Sundry-00080964/Inv No. 3000	Homeland Events Ltd - Mtce	A3-Tana River Bridge -Garissa Town	2,074,150.75
03/06/2025	KeNH-Sundry-00032621/IPC 6-Footbridge	H. Young & Co. (E.A) Ltd-Mtce	A2-FootBridge - Juja Highpoint(Corr.C) (Mtce)	56,513,738.30
30/06/2025	KeNH-Sundry-00081204/IPC 1 -Bisil	Tareef Enterprises Limited	A2-Bisil - Namanga	7,404,107.20

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30/05/2025	KeNH-Sundry-00032397/IPC 2 Isinya	Lirona Construction Ltd	A2-Athiriver - Isinya (Corr A)(Mtce)	8,918,311.45
03/06/2025	KeNH-Sundry-00080522/IPC 17-Bisil	Nas International Holdings Ltd	A2-Athi River -Bisil	1,492,694.65
19/06/2025	KeNH-Sundry-00080599/IPC 3- Kadongo	Deflon Investment Company Limited	A1-Kadongo - Ahero (Corr.D) (Mtce)	9,320,712.50
30/05/2025	KeNH-Sundry-00080544/IPC 1-Modika	Ridex Enterprises Limited	A10-Modika-Fatuma Golicha (N/Eastern) (MTCE)	11,394,970.00
19/06/2025	KeNH-Sundry-00080607/IPC 3 - Kadongo	Osodynasty Group Limited	A1- Kisii - Kadongo (Corr.D) (Mtce)	8,354,033.25
04/06/2025	KeNH-Sundry-00032620/IPC 12-Mteza	CP Mitch Limited	Mteza - Kibundani	2,596,080.00
		Total		3,311,896,030

14.0 Retention Payable

Description	2024-2025	2023-2024
	KShs	KShs
Opening Balance as at 1 st July	2,021,884,946	1,861,480,084
Contract Retentions during the year	1,463,116,119	1,179,367,284
Retentions paid during the year	(1,574,765,076)	(1,018,962,422)
Closing Balance as at 30th June	1,910,044,025	2,021,884,946

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13: Progress on Follow Up of Auditors Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor (FY 2020/2021) Report	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Unsupported Cash and Cash Equivalents</p> <p>The statement of Financial position reflects cash and cash equivalents balance of Kshs 10,197,835,027 as disclosed in note 5 to the financial statements. The balance includes a call deposit balance of Kshs 981,255,555 for which bank reconciliation statement was not provided for audit. In the circumstances, the accuracy and completeness of the call deposit balance of Kshs 981,255,555 could not be confirmed.</p>	<p><i>The Authority places funds that are not for immediate use in call deposit in line with the National Treasury Circular No. 4/2017. In light of this guideline the Authority placed Kshs 1,500,000,000 in Co-operative Bank Call deposit account out of which Kshs 981,255,555 was for Fuel Levy Fund Contractors. The bank reconciliation of Kshs 1,500,000,000 for Co-operative Bank call deposit as at 30th June 2021 was provided to the Auditor.</i></p>	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	<p>N/A</p>
2	<p>Variance in Development Project Expenses</p> <p>The statement of Financial Performance reflects development projects expenses amount of Kshs 2,074,878,851 as disclosed under note 3 to the Financial statements. However, Kenya Roads Board records reflects Kshs 2,100,000,000 for the same</p>	<p><i>As rightfully observed in the schedule from State Department of Infrastructure, the amount of Kshs 25,121,149 was not received by the Authority from MOTIHUD. The Authority could only account for the funds received by itself.</i></p>	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds</i></p>	<p>N/A</p>

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	resulting in an unexplained and unreconciled variance of Kshs 25,121,149. In the circumstances, the accuracy and completeness of development projects expenses amount of Kshs 2,074,878,851 could not be confirmed.		<i>Account Committee of Parliament on 23rd Nov. 2023</i>	
3	<p>Emphasis of Matter</p> <p>As disclosed in note 13 to the Financial statements, the Fund Financial statements were prepared using the 2020/2021 Financial year as the base year and therefore no comparative balances have been reflected.</p>	The Funds transactions were previously accounted for in the Authority's main Financial statements.	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	N/A
4	<p>Other Matter</p> <p>Budgetary control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects actual expenditure on Kshs 21,686,652,587 against a budgeted amount of Kshs 29,039,333,029 resulting in under-absorption of Kshs 7,352,679,442 or 25% of the budget.</p> <p>The under absorption affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<i>This scenario resulted from delayed commencement of some maintenance projects resulting from contractors' delayed submission of Performance Bonds and All Risk Insurance policies. However note that most of the contractors who delayed in commencing works expedited maintenance works during the financial year with the intention of recovering lost time. The underspent amount of Kshs. 7,352,679,442 as indicated above was fully absorbed by the respective projects within the 1st quarter of the FY 2022/2023.</i>	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor (FY 2022/2023) Report	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Basis for Qualified Opinion			
1	<p>Unreconciled Difference between Unpaid Projects Amounts and Cash and Cash Equivalents Balance</p> <p>Review of the Annual Public Roads Program (APRP) indicate that the Fund had an approved budget of Kshs.28,266,494,344 covering a total of 462 road projects for the year ended 30 June, 2022. The budget was fully funded by Kenya Roads Board during the year. Further review indicates that payments totalling to Kshs.25,408,126,383 were made for work done leaving an unpaid balance of Kshs.2,858,367,961 as at 30 June, 2022. However, the statement of financial position reflects cash and cash equivalents balance of Kshs.1,707,746,685 which is less than the unpaid balance of Kshs.2,858,367,961. The difference of Kshs.1,150,621,276 had not been reconciled.</p> <p>In the circumstances, the accuracy of the financial statements could not be confirmed.</p>	<p><i>We agree with your observation that the cash balance in the RMLF bank account as at 30th June 2022 was Kshs. 1,707,746,685 whereas the unspent budget at the same time was Kshs. 2,858,367,961. Please note that the cash at Bank amounting to Kshs. 1,707,746,685 was the resultant of receipts net of payments whereas the carry over balance of Kshs. 2,858,367,961 was the approved budgeted resources for road maintenance works that had not been absorbed as at 30th June 2022. Note that the Authority accrues its expenses and recognizes them in its books of accounts as expenditures even if not yet paid as opposed to cash accounting which only recognizes expenses once paid.</i></p> <p><i>In this regard, unabsorbed resources will not equal the cash in the bank.</i></p>	<p>Resolved.</p> <p>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</p>	
2	<p>Road Maintenance Levy Fund</p> <p>The statement of financial performance and as disclosed in note 1 to financial statements reflects funds received from Kenya Roads Board (KRB) amounting to Kshs 32,373,684,084. However, records maintained by Kenya Roads Boards reflects disbursements totalling to Kshs 44,342,887,917</p>	<p><i>We agree with your audit observation that the statement of financial performance and as disclosed in Note 1 to the financial statements, it reflects funds received from Kenya Roads Board (KRB) amounting to Kshs.32,373,684,084 (which includes receivable of Kshs.11,865,854,651 as at 30th June 2022) as opposed to KRB records which indicate a total disbursement of Kshs. 44,342,887,917 which as per</i></p>	<p>Resolved.</p> <p>Matter discussed by Special Funds</p>	

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<p>resulting to a variance of Kshs 11,969,203,833 which was not reconciled or explained.</p> <p>In the circumstances, the accuracy and completeness of Road Maintenance Levy Fund amount of Kshs 32,373,684,084 could not be confirmed.</p>	<p><i>your observation, the above includes a surplus of Kshs. 7,492,857,000 and a payable of Kshs.10,257,336,917.</i></p> <p><i>Please note that the above amount of Kshs. 32,373,684,084, reflected in the Authority's books, was arrived at after due consideration of reliable documents from the Kenya Roads Board in line with Accounting for Government Grants as contained in International Public Sector Accounting Standards. The Authority is not aware of the alleged Kshs. 44,342,887,917 recorded in the Board's books neither was the Kshs. 44,342,887,917 disbursed to the Authority in the financial year ended 30th June 2022.</i></p> <p><i>The Authority received a total of Kshs. 32,373,684,084 from KRB through the State Department for Infrastructure being RMLF for FY 2021/2021 in 11No. tranches as per attached schedule marked as Appendix KeNHA/OAG/RMLF/DR/2021-22/2.</i></p>	<p><i>Account Committee of Parliament on 23rd Nov. 2023</i></p>	
<p>Unauthorized Retention of Receipts</p> <p>The statement of financial performance reflects finance income of Kshs.149,517,064 being interest earned from Road Maintenance Levy Fund (RMLF) funds and other income of Kshs.9,177,581 in respect to liquidated damages charged to various contractors both totalling to Kshs.158,694,645.</p> <p>However, the amounts were not appropriated in the Authority's budget which is an indication that the revenue should have been surrendered to The National Treasury. No evidence was provided to indicate that the amount was surrendered to The National Treasury.</p> <p>In the circumstances, the revenue amount of Kshs.158,694,645 was irregularly retained and expended by the Authority.</p>	<p><i>This matter was neither brought to the attention of the auditee nor contained among the matters raised during the exit meeting, which would have facilitated provision of adequate explanation during the audit process. Similarly, the matter was not brought forth in the Management Letter which would have facilitated provision of adequate explanations to the observation.</i></p> <p><i>We disagree with the audit observation that interest income and liquidated damages both totalling to Kshs. 158,694,645 was not appropriated in the Authority's budget for FY 2021/2022. Please note that the interest income and liquidated damages were included in the Operations and Administration Budget for FY 2021/2022 which had provisions of Kshs. 870,000,000 and Kshs. 50,000,000 for Interest income for all bank accounts and other incomes which include liquidated damages for all projects.</i></p>	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	

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		<p><i>The Operations & Administration Budget FY 2021/2022 was approved by the Authority's Board of Directors on 28th January 2021 and duly uploaded into the GIMIS platform on 17th February 2021. Attached for your ease of reference please find a copy of the detailed Operations & Administration Budget for FY 2021/2022 that was approved by the Board, Extracts of the Minutes of the 138th Board meeting held on 28th January 2021 that approved the Operations & Administration Budget and GIMIS print out of the uploaded signed budget for FY 2021/2022 marked as Appendix KeNHA/OAG/RMLF/DR/2021-22/3.</i></p>		
	<p>Report on Lawfulness and Effectiveness in use of Public Resources</p> <p>Basis for Conclusion</p>			
	<p>Anomalies noted during Projects Inspection</p> <p>1 Physical verification carried out in the month of February, 2023 revealed delayed works on various projects in different regions as highlighted below:</p>			
	<p>1.1 Nakuru Region</p>			
	<p>(i) Performance Based Contract for Maintenance of Narok –Ngoswani (B131) Road</p> <p>Performance Based Contract for Maintenance of Narok–Ngoswani (B131) road was awarded to a contractor vide contract No.KeNHA/RD/RA&CM/3360/2021 at a contract sum of Kshs.310,166,470. The works were to commence on 16 August, 2021 for a period of 36 months. The expected date of</p>	<ul style="list-style-type: none"> • We agree with the Auditor's observations. • There was significant improvement in physical progress noted. As at 31st March, 2023, progress stood at 36% compared to 5.58% as at the date when the last notice of slow progress was issued. It was anticipated that if the Contractor continues with the same pace of work, they will be able to 	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account</i></p>	

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<p>completion is 15 August, 2024. Progress status report as at 30 June, 2022 indicated 5.85% physical progress versus 31% elapsed time. Physical inspection conducted in February, 2023 indicated physical progress of 30.04% against 50.04% elapsed time an indication that the project was behind schedule.</p> <p>Review of correspondences indicate that the contractor has failed to comply with contract conditions where he was to cover excavated potholes at Km 7+600, Km 12+800, Km 10+800 and Km 16+200 within 48 hours as specified in the contact conditions. There was however no evidence of damages deductions from the contractor despite express authority vide Section 47.1 (b) of the particular conditions of the contract specifying that Kshs.50,000 per month per pothole will be deducted from the contractor as damages for not attending to potholes within 48 hours of excavation.</p> <p>It was further noted that the contractor has been given three notices on slow progress which is an indication of no improvement by the contractor.</p> <p>In the circumstances, the project may not be executed as scheduled which will impact negatively on realization of value for money by the public</p>	<p>complete the works in time as provided for in the works contract.</p> <ul style="list-style-type: none"> The potholes was rectified by the Contractor and the deductions for the initial non-compliance amounting to Kshs. 200,000 in line with clause 47.1 (b) of the Contract was applied in IPC No. 4. as liquidated damages. <p>Attached and marked as <i>Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.1(i)</i> is the documentary evidence supporting our above statements.</p>	<p><i>Committee of Parliament on 23rd Nov. 2023</i></p>	
<p>(ii) Periodic Maintenance of Njoro- Mau Summit (B129) Periodic Maintenance of Njoro-Mau Summit (B129) was awarded vide contract No.KeNHA/RD/RA&CM/3396/2021. The works were to commence on 26 August, 2021 for a period of eighteen (18) months with completion date of 25 February, 2023. Physical verification in the month of February, 2023 revealed 80.20% physical progress against 95.45% elapsed time an indication that the project was behind schedule.</p>	<p>We agree with the Auditor's observations that the contractor, as at the time of the audit physical verification, had not done surface dressing works on 7 km and river training works. We further agree that the road shoulders in Keringet area were being swept away and had not been repaired though works executed had already been paid for.</p> <p>We wish to confirm that the contractor substantially completed the works on 24th February, 2023 including the</p>	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of</i></p>	

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	<p>The following observations were also made;</p> <p>The contractor has not done surface dressing works on 7 km and river training works.</p> <p>The road shoulders in Keringet area were being swept away and had not been repaired though works was paid for and putting to question the quality of shoulder works.</p> <p>In the circumstances, the project may not be executed as scheduled which will impact negatively on realization of value for money by the public.</p>	<p>7km of surface dressing that was outstanding. It is true the contractor requested for the project inspection. This process is done to all projects before the project take over. To this end an Inspection & Acceptance Committee had been constituted to carry out this exercise and prepare their report for Management consideration. Attached herewith for ease of reference, please see a copy of minutes of the <i>Inspection and Acceptance Committee for Periodic Maintenance of Njoro-Mau Summit (B129)</i> marked as <i>Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.1(ii)</i></p>	<p><i>Parliament on 23rd Nov. 2023</i></p>	
<p>1.2</p>	<p>Garissa Region</p>			
	<p>(i) Performance Based Contract for Maintenance of Junction (B89) Madogo (B89)-Modika (A3) Road</p> <p>The contract was awarded to a contractor on 30 April, 2020 at a contract sum of Kshs.119,420,356.86 for a period of 24 months. The contract was to be completed on 27 November, 2022. Cumulative amount certified as at the time of audit in February, 2023 was Kshs.46,686,506.98.</p> <p>The following were noted during physical inspection.</p> <ul style="list-style-type: none"> • There were no signs that the contractor was on site, • There were blocked culverts especially in Garissa Town while works was still incomplete. • Drainage have dumped garbage and overgrown vegetations, • Most road signs had been vandalized, • De-siltation of drainage and culverts as detailed on the contract was not done in Garissa Town, 	<ul style="list-style-type: none"> ➤ We fully agree with the Auditor's observations. ➤ (i) to (vi) ➤ The contract, KeNHA/RD/RA&CM/3009/2020 commenced works on 28th May 2020 and ended 27th May 2022. The contract performed well initially but faced various challenges during the implementation of the project. Several initiatives by the Project Team to have the Contractor perform did not bear fruit. ➤ Consequently, it was terminated on 25th August 2022 and the Contractor was charged full liquidated damages of Kshs. 5,971,017.84 and the balance of the contract sum of Kshs. 47,334,974.96 went to the procurement of a new contract. ➤ A new contract No. KeNHA/RD/RA&CM/3714/2022 (Lilaaf Construction Co. Ltd.) was procured and is in 	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	

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	<ul style="list-style-type: none"> Between the main bridge separating Garissa town towards Madogo, there are conspicuous and strong erosion of the road side especially the road shoulders and the road reserves have undesirable overgrown vegetation which were supposed to have been cleared as per the contract.. <p>In the circumstances, the project may not be executed as scheduled which will impact negatively on realization of value for money by the public.</p>	<p>the process of addressing the outstanding project issues. Extracts of the contract No. KeNHA/RD/RA&CM/3714/2022 is attached and marked as Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.2</p>		
1.3	<p>Central Region</p>			
	<p>(i) Performance Based Contract for Maintenance of Junction B21 Nyeri-Othaya-C544 Kangema (B23) Road The contract was awarded to a contractor on 29 September, 2020 at a contract sum of Kshs.177,595,014 for a period of 36 months. The completion date for instructed works was 16 November, 2021. Contractor’s all risk expiry date is expected on 22 January, 2024. Amount certified for payment as at 31 January, 2023 was Kshs.128,597,863.32.</p> <p>As at the time of audit in February, 2023, it was noted that pot holes were observed on shoulders of some sections of the road, damaged guardrails were conspicuously seen at KM 0+000, litter along some sections of road drainage channels especially at around 33 Km, there was vegetation at around 41Km that had grown beyond the PBC height requirements and some asphalt applied on some road pavement section is failing.</p>	<ul style="list-style-type: none"> We agree with the Auditor’s observations. The Contractor’s All Risk Insurance is necessary throughout the duration of the Contract even after completion of instructed works. The Contractor was advised to extend the validity of the All Risk Insurance Cover prior to the expiry of the running insurance cover which was to expires on 22nd January 2024. The noted balance of the contract sum amounting to Kshs. 48,997,151 is for PBC works up to 31st January 2024. In line with the PBC contractual provisions and given that this is a very aged pavement the Contractor patched the noted and emerging potholes as well as the damaged guardrails which is a continuous activity during the duration of the contract in the PBC context. 	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	

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	<p>In the circumstances, the project may not be executed as scheduled which will impact negatively on realization of value for money by the public.</p>	<ul style="list-style-type: none"> In the same PBC context the littering cited at km 33 and vegetation at km 41 have since been addressed 		
	<p>(ii) Performance Based Contract for Maintenance of JN B23/27 Othaya –JN A 2/B 27 Karatina (B27). Contract No. KeNHA/RD/RA&CM/2951/2020 was awarded to a contractor on 10 March, 2020 at a contract sum of Kshs.49,460,633.20 for a period of 36 Months. Contractor’s all risk expiry date is expected on 18 June, 2023. Amount certified for payment as at 31 January, 2023 was Kshs.44,418,053.64. Physical verification in February, 2023, revealed litters and silt in culverts at Karatina town.</p> <p>In the circumstances, the project may not be executed as scheduled which will impact negatively on realization of value for money by the public.</p>	<p>The contract sum was revised upward to address the erratic failures witnessed on the road. There were risks of sections of the road being cut off if immediate intervention measures were not put in place. A variation report for additional works was duly approved by the Employer on a copy of which is attached and marked as Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.3(ii) We agree with the Auditor’s observation on the grass. The grass within Kagumo town on two culvert locations arising from mudslide has since been controlled and the resulting mud is continuously carted away.</p>	<p><i>Resolved.</i> <i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	
	<p>(iii) Performance based Contract for Maintenance of JN A2 Karatina - Kagumo-Kutus (B27) Road. Contract was awarded on 29 September, 2020 at a contract sum of Kshs.374,379,713. The date of order to commence was 4 December, 2020 with a completion period of 36 months. The revised contract sum was Kshs.464,340,178.70 surpassing the original contract sum by Kshs.89,960,465.70 or 24%. The amount certified as at the time of progress report in the month of January, 2023 was Kshs.341,534,226.96. The expected completion date is 17 December, 2023. The Management did not provide reasons for revising the contract price upwards. Further, in Kagumo town, some access culverts had overgrown vegetation that could not allow free surface flow of rain water.</p>	<p>We agree with the audit observation that the above contract was revised upwards as noted.</p> <ul style="list-style-type: none"> Please note that the upward contract revision arose from the need to address the erratic failure witnessed on the road which had threatened to cut off the road. The variation report detailing the noted failures and intervention measures required was approved by the Employer as per the copy of variation order attached and marked as <i>Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.3(iii)</i>. <p>The issue of overgrown grass has since been addressed by the Contractor. Additional instructions to the Contractor to ensure that he maintains grass height to the required</p>	<p><i>Resolved.</i> <i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	

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	<p>In the circumstances, the project may not be executed as scheduled which will impact negatively on realization of value for money by the public</p>	<p>standards as provided in the contract have been conveyed. Resulting from the above instructions, the grass within Kagumo town on the two culvert locations arising from mudslide has since been controlled and the resulting mud is continuously carted away as and when it arises.</p>		
<p>1.4</p>	<p>Isiolo Region</p>			
	<p>(i) Periodic Maintenance of Ruiri – Isiolo. The tender was awarded at a contract amount of Kshs.682,103,815. The contract commenced on 14 December, 2020 and the initial date for completion was 14 December, 2022. However, at the time of audit inspection, the project was lagging behind schedule with the progress of work at 82.6 percent against over 100%-time lapse.</p> <p>According to a letter dated 14 December, 2022 by the Regional Director to the contractor, it was noted that on some road pavements, the contractor had used AC material that had failed to meet the minimum laboratory requirements for AC Type 1. The affected sections were Km 13+300 right hand side and Km 15+220 to km 15+770. It was also noted that the above-mentioned irregularity could negatively affect the quality of the affected sections of the road. Several road signage's had been vandalized and the contractor had not been issued with instructions to correct the works.</p> <p>In the circumstances, the project may not be executed as scheduled which will impact negatively on realization of value for money by the public.</p>	<ul style="list-style-type: none"> • We agree with the audit observation that the project is behind schedule. However, the contractor has requested for extension of time due to supply delays. The merit of the request is being evaluated. In addition, they have cited three weeks break to allow workers to vote in August 2022 General Election as other causes of delays for which he is entitled to time extension. • We agree with the Auditor's observation on failure of the AC. The AC Type 1 used by the Contractor failed marginally in stability. The rest of the parameters met the required specification. As the sampling and testing of AC is done after laying, the matter was brought up to the attention of the contractor for information and product adjustment. The Contractor was informed that affected sections will be observed during the one-year Defects Liability Period (DLP). So far, the section is performing well. <p>However, a corrective order has since been issued to the contractor for their action whose copy is attached and marked as <i>Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.4</i></p>	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	

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1.5	Machakos Region			
	<p>(i) Performance Based Contract for Maintenance of Machakos -Kangundo (B 105) Road. The contract was awarded at a contract sum of Kshs.34,915,829 for a period of 24 months commencing on 27 July, 2021 with completion date of 26 July, 2023. The amount certified was Kshs.15,257,277 as at the time of inspection in February, 2023. However, it was noted that the contractor had failed to meet the expected service levels as per the contract requirements. Both the inner and the outer vegetation had overgrown beyond the required service level between 150mm and 300mm respectively along the full road chainage. The drainage channels were clogged by overgrown grass and silt. At Km 16, two guardrails that had been detached by a road accident had remained unrepaired and the contractor was not on site.</p> <p>In the circumstances, the project may not be executed as scheduled which will impact negatively on realization of value for money to the public.</p>	<p>We concur with the observations made by the Auditor.</p> <ul style="list-style-type: none"> The non-compliances noted were attributed to Contractor's poor performance. The Resident Engineer invited the Contractor for a management meeting 14th February 2023 (See copy of minutes attached and marked as Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.5(i)), which highlighted the poor performance and the need to rectify all the shortcomings. As discussed in the management meeting, the Contractor has since mobilized on site and is attending to all the issues raised under close supervision of the REs Team. (See copies of progress photos attached and marked as Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.5(ii)) <p>Further, necessary penalties in terms of deduction will be effected when the Contractor submits his next IPC.</p>	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	
1.6	Eldoret Region			
	<p>(i) Stage Improvement of Nyaru-Iten Stage improvement of Nyaru-Iten works were awarded vide contract No. KeNHA/RD/M/2032/2016 at an original contract sum of Kshs.2,418,819,638.75 to commence on 14 November, 2016 for a period of 30 Months with completion date of 13 May, 2019. Later, the works were varied by Kshs.526,630,775.47 to Kshs.2,945,450,414.22 to be completed on 31 March, 2023. As</p>	<ul style="list-style-type: none"> We concur with the Audit observation that the Resident Engineer requested the Engineer vide letter Ref. KeNHA/06. A/R3/C53/2032/158 dated 10th June, 2022 to constitute an inspection and acceptance committee to inspect the works with the purpose of taking over them over. It was however not possible to form a committee to take over the 	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account</i></p>	

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at the time of verification in the month of February, 2023, the certified works were Kshs.2,417,805,863 or 78.5% versus 98.56% elapsed time.

The project has pending bills totalling to Ksh.525,893,208 as at 30 June, 2022 with a risk of incurring additional interest costs and penalties due to delayed payments. The Resident Engineer vide letter dated 10 June, 2022 recommended taking over of works as the contractor had substantially completed the works save for nominal non-permanent works. This would have avoided extension of time as the remaining works would have been done during the defect's liability period. However, instead the contractor was given an extension of time to complete the works by 31 March, 2023.

Delay in paying interim payment certificates has led to excess costs to the project due to interests and taxes charged as shown below:

Description	Ksh
Variation of price	203,577,680
Add 16% VAT	32,572,429
Total	236,150,109

Interest on delayed Payments 12,034,734

The project brief as at 14 February, 2023 shows that the total certified works done inclusive of variation in price and value added tax was Kshs.2,417,805,863 (IPC 1-16). It also shows that interest on delayed payments at IPC 10 of Kshs.12,034,734. However, addition of interim payment certificates as given in the schedule excluding IPC 1 (Advance Payment) and IPC 10 (Interest on delayed payments) shows that the total certified

works because there were still some outstanding works as communicated by the RE on 23rd June, 2022.

- The Contractor submitted an EoT request which is currently under review.
- We acknowledge there was an error of oversight while preparing the project brief as at 14th February, 2023 where the total value of certified works was left understated as KES 2,417,805,863.40. This has since been corrected and the correct value of total certified works is KES 2,458,504,065.14.
- We agree with the audit observation that the project had pending bills amounting to Kshs 525,893,208 as at 30 June 2022. This situation is as a result of the following:
 - a. Inadequate Exchequer budgetary provisions in the current as well as well as prior financial years of project implementation
 - b. Delayed receipt of Budgeted Exchequer funds by the Authority in the current as well as prior financial years

In order to ensure that the pending bills are settled, the Authority, in liaison with the parent ministry and the National Treasury will endeavour to allocate sufficient budgets in subsequent financial years.

*Committee
of
Parliament
on 23rd Nov.
2023*

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works is Kshs.2,458,504,065 (83.5%) a difference of Kshs.40,698,202. The workings are shown in the below:

IPC No.	IPC Amount (Kshs)
IPC 2	119,949,434.21
IPC 3	120,920,581.41
IPC 4	125,539,428.65
IPC 5	121,771,792.76
IPC 6	121,312,703.88
IPC 7	242,265,757.40
IPC 8	266,581,167.84
IPC 9	173,548,004.26
IPC 11	192,805,947.52
IPC 12	252,221,796.52
IPC 13	160,762,791.08
IPC 14	205,361,507.00
IPC 15	159,462,884.64
IPC 16	196,000,267.97
Total	2,458,504,065.14
Certified Works	2,417,805,863.00
Difference	40,698,202.14

Had the Management paid on time, the extra costs could have been avoided.

Performance Based contract for the Maintenance of JN A8 Eldoret-Kapsabet Contract Sum Kshs.337,252,990.41

Review of documents provided for audit revealed that under summary of the bill of quantities, bill No.1, item 01-08-026A for payment of residential engineer's miscellaneous account

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<p>reflected an amount of Kshs.1,922,337.50 which differed with the detailed analysis amount of Kshs.1,057,507.50 resulting to an unexplained variance of Kshs.864,830.</p> <p>Similarly, bill No. 25, item no.25-56-003 for cross cutting issues reflected Kshs.3,513,001 and the attached appendix indicated an amount of Kshs.2,953,000 resulting to a variance of Kshs.560,001.</p> <p>Physical verification carried out in February, 2023 revealed a vandalized sign posts at Km 24+200, Km 26+200, Km 27+300 and Km 32, vandalized culvert and drainage works, waste along the drainages and at Km 25 and Km 35+10 the drainage was broken and not properly aligned, the guardrail at Km 31+200 is broken and the shoulders had been swept away at Km 21+300, Km 28 and Km 30-35+10.</p>			
<p>(ii) Performance Based contract for the Maintenance of JN A8 Eldoret-Kapsabet Contract Sum Kshs.337,252,990.41</p> <p>Review of documents provided for audit revealed that under summary of the bill of quantities, bill No.1, item 01-08-026A for payment of residential engineer's miscellaneous account reflected an amount of Kshs.1,922,337.50 which differed with the detailed analysis amount of Kshs.1,057,507.50 resulting to an unexplained variance of Kshs.864,830.</p> <p>Similarly, bill No. 25, item no.25-56-003 for cross cutting issues reflected Kshs.3,513,001 and the attached appendix indicated an amount of Kshs.2,953,000 resulting to a variance of Kshs.560,001.</p> <p>Physical verification carried out in February, 2023 revealed a vandalized sign posts at Km 24+200, Km 26+200, Km 27+300</p>	<p>We agree with the Auditor's observations.</p> <ul style="list-style-type: none"> • Items 01-80-026A and 25-56-003 of the Bill of Quantities were appraised to cater for critical work items under the contract. (see copy of Appraisal attached and marked as <i>Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.6(ii)</i>). • We note that vandalism of road furniture and dumping of waste onto the drains has been a challenge along the Eldoret-Kapsabet road. The region has planned to carry out sensitization forums at market centres along this road aimed at winning support among local residents against this vice. 	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	

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	and Km 32, vandalized culvert and drainage works, waste along the drainages and at Km 25 and Km 35+10 the drainage was broken and not properly aligned, the guardrail at Km 31+200 is broken and the shoulders had been swept away at Km 21+300, Km 28 and Km 30-35+10.	Shoulder reinstatement to bituminous standards was done under this contract between Km 10+100 – 18+600 & Km 25+900 – 27+340. We are packaging comprehensive shoulder reinstatement works in the next contract to be procured in FY 2023/2024.		
1.6	Kakamega Region			
	<p>(i) Performance Based contract for the Maintenance of Busia-Malaba (B13) Road Contract Sum Kshs.270,869,947.80</p> <p>Verification of the project revealed the following;</p> <ul style="list-style-type: none"> • Side drains were filled with waste and sewer at 0+000 to 0+200BS, • Emerging pothole and surface wearing off at Km 9+500 and Km 23+600, • Delay in commencement of works for surface dressing chippings yet the expected progress as per POW was 62.5% • Instruction 009 for installation of bumps and installation of rumble strips recorded progress of work 100% and expected progress as per POW was 100% however, no rumble strips had been installed as at the time of audit. <p>Further, the summary of bill of quantities, bill No.1 for the item 01-50-020 for purchase of office equipment at a total cost of Kshs.1,500,000 was not supported by a detailed appendix. Consequently, it was not possible to confirm which office equipment were to be purchased for this project.</p>	<p>We agree with the audit observation on the following: -</p> <ul style="list-style-type: none"> (i) That the side drains were filled with waste and sewer at 0+000 to 0+200BS, (ii) That there were emerging pothole and surface wearing off at Km 9+500 and Km 23+600, (iii) That there was delay in commencement of works for surface dressing chippings yet the expected progress as per POW was 62.5% (iv) That Instruction 009 for installation of bumps and installation of rumble strips recorded progress of work at 100%. <p>Please note the following: -</p> <ul style="list-style-type: none"> (i) The Region is in consultation with the relevant authorities in Busia County Government to address the challenge of discharge of sewage into the open drains by the locals at km 0+000 to 0+200 LHS. The blocked side drains were however noted during the monthly formal inspection No. 12 of January 2023 and communicated to the Contractor vide letter Ref: KeNHA/R2/06.A/B13/3425/VOL.1/061 dated 6th February, 2023. Payment reductions have been made for the non-complying side drains section pursuant to Clause 2.6.1 of the Performance specifications. 	<p><i>Resolved.</i></p> <p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	

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<p>In addition, under residents' engineer's office miscellaneous expenses, the following items were purchased and paid vide invoice order No.15 dated 15 February, 2022;</p>	<p>(v) The emerging potholes at km9+500 were noted during the monthly formal inspection No. 12 of January 2023 and communicated to the Contractor vide letter Ref: KeNHA/R2/06.A/B13/3425/VOL.1/061 dated 6th February, 2023. Payment reductions have since been made for the non-complying section pursuant to Clause 2.6.1 of the Performance specifications. A copy of the minutes of the Formal inspection and correspondences are attached and marked as <i>KeNHA/OAG/RMLF/DR/2021-22/C/1.7(i)</i></p> <p>(vi) Bill No. 1 item 01-50-020 (purchase of office equipment) is a PC sum. Usually for PC sums, prior approval to expend the Bill item is usually sought from the Engineer with the details of what is to be purchased well described. As at the time of audit the amount had not been expended hence no detailed appendix could be availed to the auditors.</p> <p>There was a typo error in Appendix B particularly for item No. 10. where what was in the description column was contradicting what was in the quantity column. The description column quoted 4 items to be purchased while the quantity column quoted 5 items. The purchase was done based on the quantity specified in the BoQ and not the description as clearly highlighted in the RE's Site Instruction No. 4. A copy of Appendix B and Site Instruction No. 4 is attached and marked as <i>Appendix KeNHA/OAG/RMLF/DR/2021-22/C/1.6(ii)-22/C/1.7(ii)</i>.</p>		
<p>1.6 Delayed Works and Roads with Excess Length Review of project status for contracts totaling to Kshs.14,452,666,851.45 with a length of 4,344.99 km revealed</p>	<p>We requested for the schedule of these road contracts which amount to Kshs. 14.5 billion from the auditors to</p>	<p><i>Resolved.</i></p>	

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	<p>that 2,733.02 km had been done while 1,612 have delayed. Further, fifteen (15) roads with contracts totaling to Kshs.7,200,037,190 did more kilometers compared to what had been authorized in the procurement documents by 362.14 kilometers. No explanation or approval have been provided on the excess kilometers.</p> <p>In the circumstances, delayed works impact negatively on the delivery of road infrastructure and excess and unbudgeted road works may result to unapproved road expenditure</p>	<p>enable us provide an appropriate response. We are yet to receive the schedule hence our inability to respond to the observation.</p>	<p><i>Matter discussed by Special Funds Account Committee of Parliament on 23rd Nov. 2023</i></p>	
<p>Reference No. on the external audit Report</p>	<p>Issue / Observations from Auditor (FY 2023/2024) Report</p>	<p>Management comments</p>	<p>Status: <i>(Resolved / Not Resolved)</i></p>	<p>Timeframe: <i>(Put a date when you expect the issue to be resolved)</i></p>
	<p>Emphasis of Matter Budgetary Control and performance The statement of comparison of budget and actual amounts reflects final receipts budget amount of Kshs 37,567,322,981 and actual receipt of Kshs 34,410,148,977 resulting in under realization of the budget by Kshs 3,157,174,004 of 8% of the budget.</p> <p>Similarly, the project had an expenditure amount budget amount of Kshs 32,733,026,482 and actual expenditure of Kshs 28,086,081,284 resulting to an under-expenditure of Kshs. 4,646,945,198. or 10% of the budgeted amount</p> <p>The Underperformance affected the planned activities and has impacted negatively on service delivery to the public.</p>	<p>We Agree with the audit observation that the statement of comparison of budget and actual amounts reflected final receipts budget amount of Kshs 34,410,148,977 and actual receipt of Kshs 34,410,148,977 resulting in under realization of the budget by Kshs 3,157,174,004 or 8% of the budget.</p> <p>This was beyond Authority control as disbursements of Fuel Levy Fund is under the mandate of Kenya Road Board. However, from the receivable of Kshs 3,157,174,004 disclosed in the Financial statements, Kshs 2,629,366,431 was received on 10th July 2023 leaving and outstanding amount of Kshs 527,807,573 as unrealized budget. KRB correspondences on disbursement of Kshs 2,629,366,431 and bank</p>	<p><i>Resolved.</i></p> <p><i>Awaiting appearance befor Special Fund Account Committee of National Assembly</i></p>	<p>N/A</p>

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	<p>statement is attached and marked as <i>Appendix KENHA/RMLF/DAR/FY22-23/2</i></p> <p>The outstanding amount of Kshs 527,807,573 relates to Conditional Allocation funds that are yet to be received by the Authority. Enquiry has been made of the same to Kenya Roads Board as per the correspondence marked as <i>Appendix KENHA/RMLF/DAR/FY22-23/3</i></p> <p>Similarly, we agree with the audit observation that the project had an expenditure budget amount of Kshs 32,733,026,482 and actual expenditure of Kshs 28,086,081,284 resulting to an under-expenditure of Kshs. 4,646,945,198 or 10% of the budgeted amount</p> <p>This scenario resulted from delayed disbursement of funds from KRB as indicated above resulting from contractors' delayed execution of works. Absorption of funds in these projects has resumed in the current financial year 2023/24 with the release of a substantial amount of the funds outstanding.</p>		
<p>Report on Lawfulness and Effectiveness in use of Public Resources</p> <p>Basis for Conclusion</p>			
<p>Anomalies noted during Projects Inspection</p> <p>During the year under review, the Fund undertook a number of road projects across the country. However, Physical verification carried out in the month of July 2024 on three(3) sampled projects awarded at a contract sum of Kshs 467,720,706</p>			

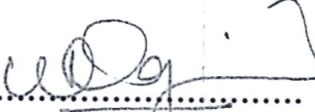
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	revealed that although the Fund management explained that stakeholders meetings were held to sensitize traders on dangers facing them, they were yet to be relocated to safer grounds. In addition, the following anomalies were also observed.			
1.1	<p>Performance Based Contract of Kakamega-Ekero (B12) Road</p> <p>Maintenance of Kakamega Ekero (B12) Road was awarded to a construction company at contract sum of Kshs 135,396,007 for a period of three years effective from 28 July 2022. The status report showed that the company had been paid an amount of Kshs. 111,834,846 or 87% of the contract sum. However, the culverts had blocked at Km 14+700 and at Km 18+210</p>	<p>a) The Contractor was instructed to make good the defective works (unblocking of the culverts at Km 14+700 and 18+210) and this has since been addressed. Further, the applicable contractual penalties have been levied accordingly under PBC performance specifications. (Evidence OAG 4B - PBC Deduction sheets attached).</p> <p>b) The Region has continually engaged all relevant stakeholders (County Government of Kakamega) to provide alternative trading locations for the traders, Additionally the Region has conducted road side sensitizations to the traders on the dangers of trading on the roadside in preparation of action plan for relocation from the road side. The County has not provided an alternative site for the traders to date. (Evidence OAG 2.3 - Copy of letters for engagements attached).</p>	<p><i>Resolved.</i></p> <p><i>Awaiting appearance befor Special Fund Account Committee of National Assembly</i></p>	N/A
1.2	<p>Performance Based Contract for Maintenance of Luanda-Majengo (B127) Road</p> <p>Maintenance of Luanda-Majengo (B127) Road project was awarded to a construction Company at a contract sum of Kshs.160,737,691 for a period of 36 months effective 7 December, 2021. However, field inspection carried out in the month of July 2023 revealed a lot of human activities on both sides of the road reserve especially between KM</p>	<p>a) The Region has continually engaged all relevant stakeholders (County Government of Vihiga) to provide alternative trading locations for the traders, Additionally the Region has conducted public road side sensitizations on the need to desist from human activities within the road reserves in preparation of action plan for relocations from the road side. However, the challenge has been the non-conclusion of acquired land compensations from NLC to the locals who still feel entitled to the parcels.</p>	<p><i>Resolved.</i></p> <p><i>Awaiting appearance befor Special Fund Account Committee of National Assembly</i></p>	N/A

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<p>12+400 and KM 8+100 that put to risk the life of the traders and may affect road expansion after reclassification.</p>	<p>(Evidence OAG 2.4 - Engagement meeting minutes with stakeholders attached).</p>		
<p>1.3 Performance based contract for the maintenance of Madogo-Cheredende road Maintenance of Madogo-Charedende road contract was awarded to a construction company at a contract sum of Kshs. 171,587,008.40. Commencement of waorks was scheduled for 23rd November, 2022. Field inspection carried out in the month of July 2023 revealed that the contractor had not yet started most of the major works pertaining such as blocked culverts, potholes and loose pavement. Further, only 30% of work was achieved against 50% time lapse as at the report time in February, 2024 an indication of slow work progress.</p> <p>In the circumstatnces, value for money, effectiveness and efficiency in use of public resources could not be confirmed.</p>	<p>a) As reported by the Auditor, the Contractor delayed in mobilizing to site and at the time of the audit he was behind schedule. The Contractor however was advised via several meetings to carry out enhanced mobilization and was able to greatly improve on his progress up to an overall progress of 30.2% at 50.13% time elapsed. (Evidence OAG 9A-Monthly Progress Report November 2023 attached).</p>	<p><i>Resolved.</i></p> <p><i>Awaiting appearance befor Special Fund Account Committee of National Assembly</i></p>	<p>N/A</p>

Signature.....
Eng. Luka Kimeli
Ag. DIRECTOR GENERAL

Signature.....
Ms. Winfrida W. Ngumi
CHAIRPERSON OF THE BOARD