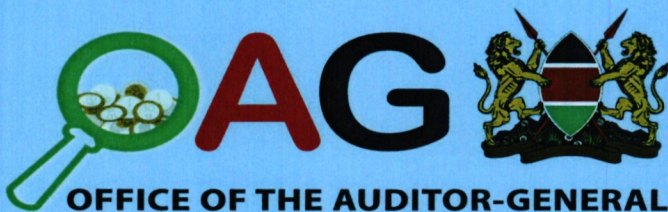


89



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY OF PAPERS LAID	
DATE: 25 FEB 2021	DAY: Thursday
TABLED BY: LOM	
CLERK-AT THE-TABLE:	Hudson Guleman

THE AUDITOR-GENERAL

ON

**NATIONAL URBAN TRANSPORT
IMPROVEMENT PROJECT CREDIT
NO. 5140- KE (MOT COMPONENT)**

**FOR THE YEAR ENDED
30 JUNE, 2020**

**STATE DEPARTMENT FOR
TRANSPORT**



NATIONAL URBAN TRANSPORT IMPROVEMENT PROJECT

STATE DEPARTMENT OF TRANSPORT

PROJECT GRANT/CREDIT NUMBER- 5140-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

CONTENTS

PAGE

1. PROJECT INFORMATION AND OVERALL PERFORMANCE.....	ii
2. STATEMENT OF PERFORMANCE AGAINST MDA'S PREDETERMINED OBJECTIVES.....	vi
3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	viii
4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES.....	ix
5. REPORT OF THE INDEPENDENT AUDITORS ON THE NUTRIP PROJECT.....	x
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020	1
7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020	1
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020.....	3
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS.....	4
10. NOTES TO THE FINANCIAL STATEMENTS.....	5
11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	16

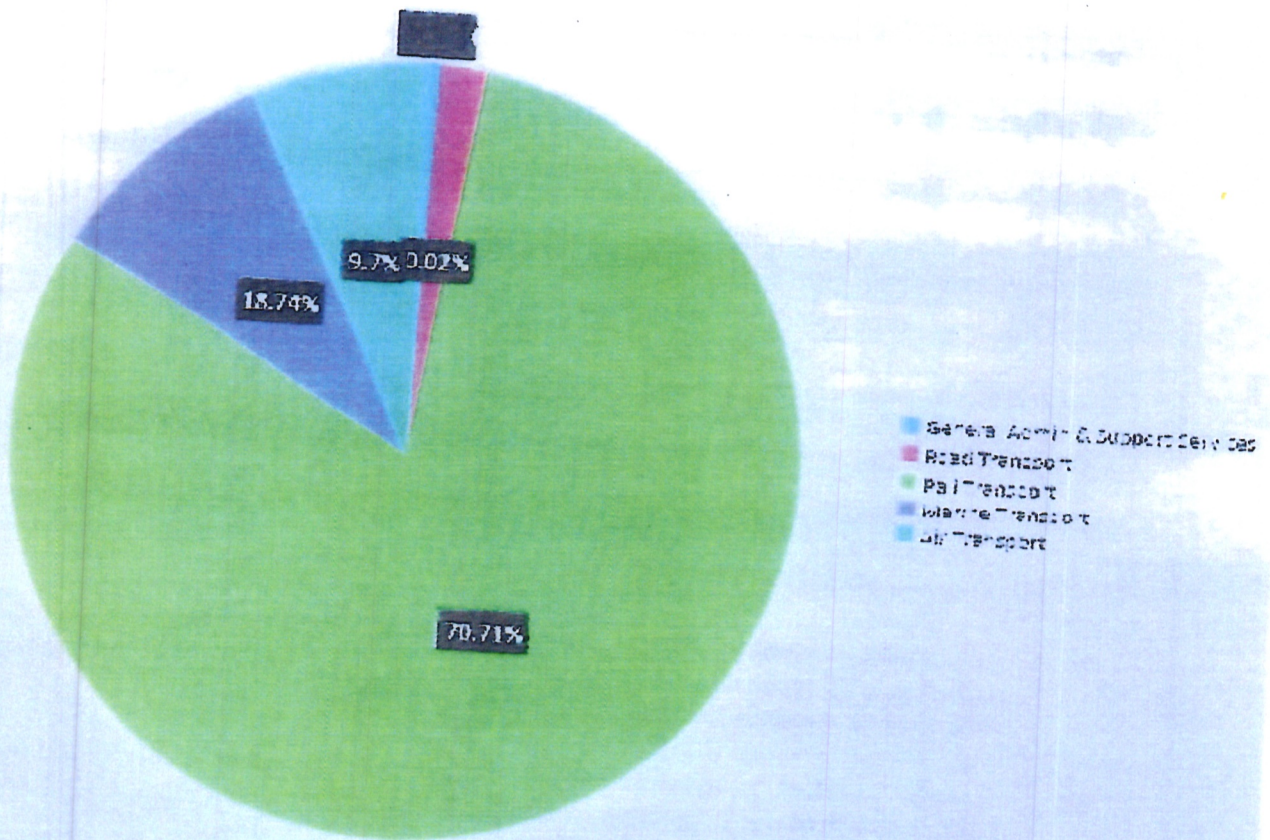
I. FORWARD BY THE CABINET SECRETARY

The mandate of the State Department for Transport (SDOT) for the financial year 2019/2020 was Transport Policy Management, Management and Infrastructure Development for Rail, Marine and Air Transport, Fast Tracking of Identified Northern Corridor Integration Projects, Oversight & Coordination of Lamu South Sudan Ethiopia Transport Corridor (LAPSSET) Programme Implementation, Civil Aviation Management & Training, National Roads Development Policy Management, Development and Maintenance of Aerodromes

The total budget for the State Department was Kshs.103,966,601,040, Recurrent Kshs. 9,768,110,285 Development Kshs. 94,198,490,755.

The pie chart below depicts the budget allocation by Programs and proportional percentage of the total budget allocation. Rail Transport- 70.71 % Road Transport 0.02%, Marine Transport 18.74%, Air Transport Services 9.7%, and General Administration and Support Services 0.83%.

BUDGET ALLOCATION BY PROGRAMMES



The utilization of this budget as per the Economic items is depicted in the table below

Budget Utilization as Per Economic Items			
	Approved Budget Allocation	Actual Payments	% of Actual payment to Approved Budget Allocation per Economic Item
Compensation of Employees	216,528,045	198,567,233	91.71%
Use of goods and services	499,785,286	249,114,785	49.84%
Subsidies	-	-	0.00%
Transfers to Other Government Units	39,643,103,944	32,412,939,824	81.76%
Other grants and transfers	-	-	0.00%
Social Security Benefits	4,701,504	4,631,431	98.51%
Acquisition of Assets	63,602,482,261	64,181,798,587	100.91%
Finance Costs, including Loan Interest	-	-	0.00%
Repayment of principal on Domestic and Foreign borrowing	-	-	0.00%
Other Expenses	-	-	0.00%
Total Payments	103,966,601,040	97,047,051,860	93.34%

As per the table, the overall Budget Utilization per the Economic items was at 93.34%.

However there were variations in some Economic items of $\pm 10\%$ such as:

- i) Acquisition of Assets; Budget utilization was at 100.91%. This was caused by a reduction in budget under supplementary II after the payment of a commitment on Mombasa to Nairobi-Standard Gauge Railway (SGR)
- ii) Transfer to other government entities; Budget utilization was at 81.76%. This was occasioned by delay in payment of Mombasa Port Development Project by JKIA.
- iii) Use of goods and services; Budget utilization was at 49.84% due to slow procurement processes.

The State Department is committed to facilitating the achievement of the Vision - 2030 Long-Term Development Strategy of transforming Kenya into an Upper Middle-Income Country during the vision horizon. SDOT has contributed to the achievement of the big 4 Agenda in support of the country's transformation. The development of modern and efficient transport systems focusing on increasing Kenya's competitiveness in transport services in the Region.

During the period under review, major achievements were realized through implementation of various projects and programmes including ongoing development of airstrips and aerodromes in support of aviation activities. These include; Malindi International Airport; Isiolo International Airport; Lanet Airport Nakuru, Kitale, Kakamega, Kabunde and Migori Airstrips among others. This will boost, Domestic travel, Tourism and promotion of horticultural trade in the regions.

The State Department during the same period, continued in modernization of the Shipping and Maritime facilities by development of Mombasa Port Phase II and Lamu Port and ferry transport services in Likoni Channel. This is mainly to enhance Maritime transport services and timely cargo handling leading to reduction in business costs.

In the railway sub-sector, State Department continued to operationalize phase I of the Standard Gauge Railway (SGR) line between Mombasa and Nairobi and completion and operationalization of phase 2a of the SGR from Nairobi to Naivasha. This will lead to more cargo handling in Nairobi ICD and Mai Mahiu ICD. Other projects that were commenced during the year under review included ongoing rehabilitation of Nairobi Commuter Railway Rehabilitation of Nbi-Nanyuki MGR line, Naivasha SEZ and restructuring of the civil aviation sector [Kenya Aviation Authority (K.A.A) and Kenya Airways (KQ)].

The State Department continued consultation with key stakeholders in the road sub sector to enhance road transport safety with a view to reduce road fatalities.

Emerging Issues

Several issues emerged during the implementation of last financial year's budget including;

- i. Lack of exchequer issues especially towards the end of 2019/20 FY leading to accumulation of pending bills.
- ii. Austerity measures and revision of budgets significantly affected resource availability for project and programmes implementation.
- iii. COVID 19 pandemic

Challenges

- i. Land acquisition challenges – higher than anticipated compensation costs for land and property in areas where projects were being implemented
- ii. Court litigations/Injunctions matters leading to significant delay in project implementation.
- iii. Lack of funds to support SGR operations.
- iv. Lack of adequate funds to support key programmes and projects.
- v. The impact of COVID19 Pandemic leading to low performance in the transport Subsector.
- vi. Settlement of historical pending bills.

Recommendations

- i. The National Treasury should communicate in good time on resources availability to facilitate MDAs plan effectively;
- ii. Timely engagement with stakeholders (affected parties) in respect to land acquisition and other transport related facilities;
- iii. Continuous capacity building for MDAs on budget implementation;
- iv. Engage the National Treasury and the Energy Infrastructure and ICT sector Working Group to adequately fund the transport sub sector;
- v. Provision of budgetary resources to settle pending bills;
- vi. Provision of budgetary resources to support SGR operations

CONCLUSION

The State Department for Transport managed to meet most of the targets in the 2019/20 financial year despite the above enumerated challenges. You may also note that, the State Department did not have any reported cases of misappropriation of funds during the financial year and is committed to improve the transport services rendered to the citizens. Finally, the State Department will continue to enhance efficiency by instituting cost cutting measures in order to deliver more with limited resources.



James Macharia, EGH
CABINET SECRETARY

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is National Urban Transport Improvement Project (NUTRIP)

Objective: The key objective of the project is to improve the efficiency of road transport along the northern corridor and to improve the institutional capacity and arrangements in the urban sub-sector.

Address: The project headquarters offices are Nairobi City, Nairobi County, Kenya.

The address of its registered office is:

NUTRIP Project
Ministry of Transport
Transcom House
P.O. Box 40020-00200
Nairobi

Contacts: The following are the project contacts

Telephone: (254) 2729200
E-mail: ps@transport.go.ke
Website: www.transport.go.ke

1.2 Project Information

Project Start Date:	3rd August ,2012
Project End Date:	31st December 2018
Project Manager:	Mr George Wanjau
Project Sponsor:	International Development Association (WORLD BANK)

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Transport and Infrastructure..
Project number	5140-KE
Strategic goals of the project	The strategic goals of the project are as follows: (i) To reduce road fatality, training and capacity building of staff in transport sector.

		(ii) To have a harmonized urban transport system.
Achievement strategic goals	of	The project management aims to achieve the goals through the following means: (i) Implementation of various road safety interventions. (ii) Undertaking consultancy on various urban transport system
Current situation that the project was formed to intervene		The project was formed to intervene in the following areas: (i) Implementation of various road safety interventions. (ii) Undertaking consultancy on various urban transport system
Project duration		The project started on 3 rd August 2012 and is expected to run until 31st December 2018

1.4 Bankers

The following are the bankers for the current year:

(i) Local project account
 Equity Bank
 Centre Branch
 P.O Box 75104-00200
 Nairobi, Kenya

(ii) Special deposit account
 Commercial Bank of Africa

1.5 Auditors

Office of the Auditor General
 Anniversary Towers, University Way
 P.O. Box 30084
 GPO 00100
 Nairobi, Kenya

1.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
George Wanjau	D.Chief economist	Qualified	Deputy Team leader
Paul Kingori	Economist	Qualified	Project Coordinator
Tobias Olambo	Accountant	Qualified	Project Accountant

*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

1.7 Funding summary

The Project is for duration of six years from 2012 to 2018 with an approved budget of US\$ 16,900,000 equivalent to Kshs 1.5 Billion as highlighted in the table below:

Below is the funding summary:

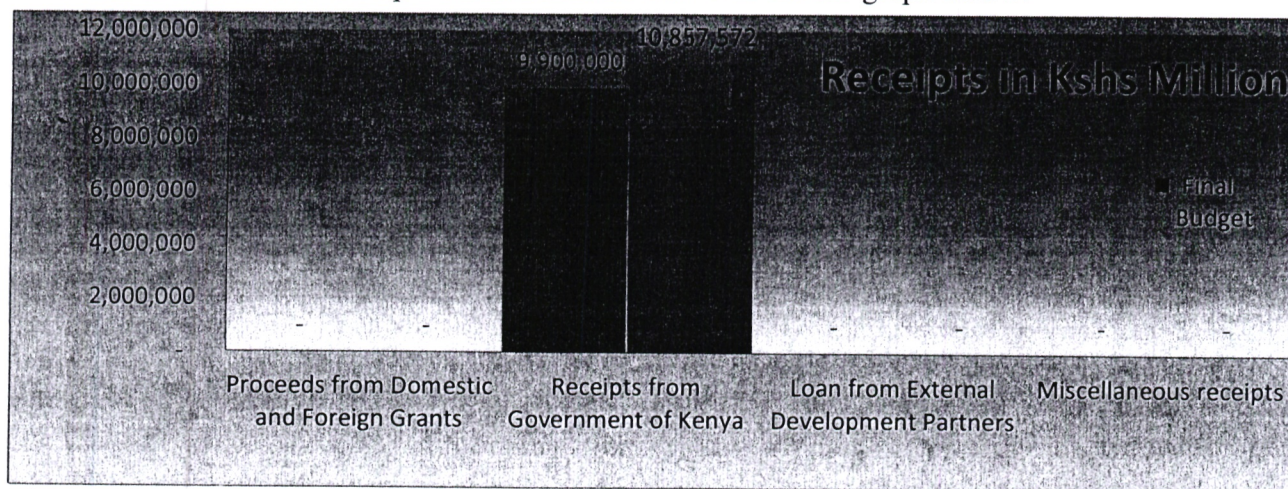
Source of funds	Donor Commitment		Amount received to date (30th June, 2020)		Undrawn balance to date (30th June, 2020)	
	Donor currency USD	KShs	Donor currency (USD)	KShs	Donor currency (USD)	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
LOAN SUMMARY						
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
IDA WORLD BANK	13,400,000	1,152,400,000	9,263,856	935,649,481	4,136,144	216,750,519
Counter Part funds						
GOVERNMENT OF KENYA	3,500,000	347,600,000	1,092,938	108,544,369	2,407,062	239,055,631
Total Funding Summary	16,900,000	1,500,000,000	10,356,794	1,044,193,850	6,543,206	455,806,150

1.8 Summary of Overall Project Performance:

During the year under review, the Project received KShs 10,857,572 and incurred a cumulative expenditure of KShs 10,857,572

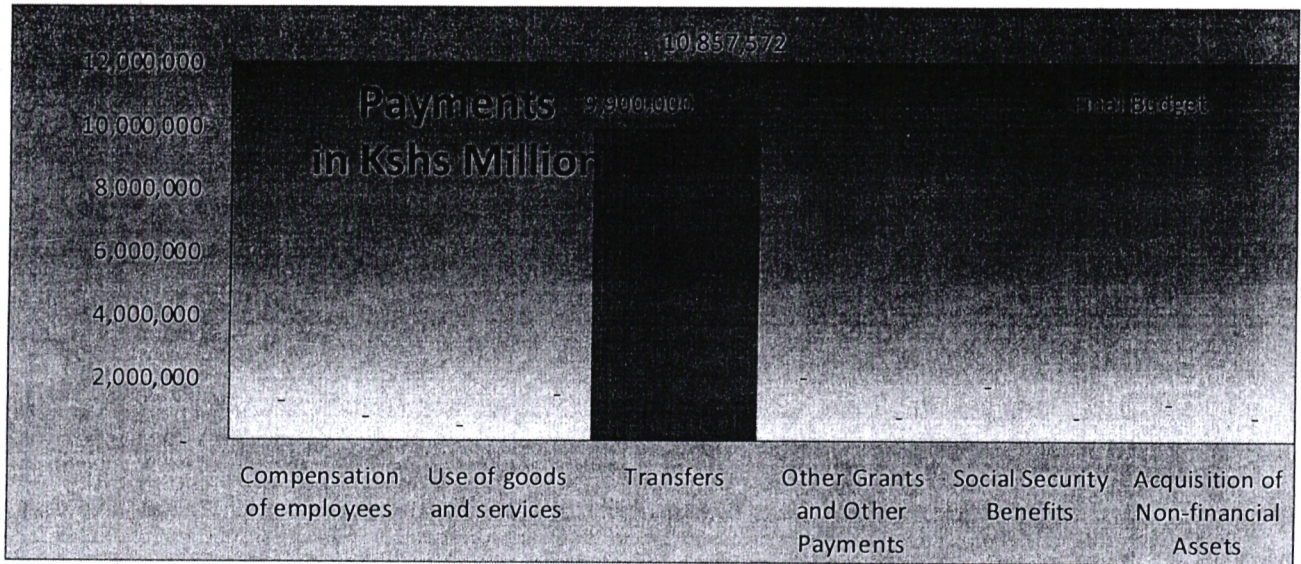
1.9 Receipts utilization

The Project received Kshs.10,857,572. against a final budget of Kshs.9,900,000 this represented utilization of 110%. The receipts utilization is as shown in the bar graph below:



1.10 Payments Utilization

The project paid Kshs. 10,857,572 against a final budget of Kshs 9,900,000. This represented utilization of 110%. The receipts utilization is as shown in the bar graph below:



1.11 Summary of Project Compliance:

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

2. STATEMENT OF PERFORMANCE AGAINST MDA'S PREDETERMINED OBJECTIVES

2.1 Introduction

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

2.2 Objectives

The key development objectives of the project's 2012-2018 plans are to:

- (a) To improve the efficiency of road transport along the northern corridor.;
- (b) To improve the institutional capacity and arrangements in the urban transport sub sector.
- (c) To promote the private sector participation in the operation, financing and management of transport systems.

2.3 Progress on attainment of Strategic development objectives

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

Project	Objective	Outcome	Indicator	Performance
National urban Transport improvement Project	To improve the efficiency of road transport along the northern corridor	Improved efficiency of road transport along the Northern Corridor	Reduction in average travel time, vehicle operating costs and number of road crashes from Junction Jomo Kenyatta International Airport.	NTSA and NaMATA established and operationalized

*National Urban Transport Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2020*

	To improve the institutional capacity and arrangements in the urban transport sub sector.	Improved institutional capacity and arrangements in the urban transport subsector	Nairobi Metropolitan Transport Authority established and functional, National Road Transport and Safety Authority established and functional and Urban public transport rules and regulations development and in use.	Achieved Cat 1 status allowing direct flight to the USA
	To promote the private sector participation in the operation, financing and management of transport systems.	Enhanced private sector participation in the operation, financing, and management of transport systems.	Offer Bus Rapid Transit corridor for thr Public Private Prtnerships (PPP), one commuter rail line for PPP.	Computers, printers and other office equipment procured

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

None

2. Environmental performance

The rehabilitation and expansion of existing roads within the existing right way which did not traverse the natural habitats.

Overall environmental Safeguards Performance of the NUTRIP was moderately satisfactory while the Environment Risk-Rating was considered substantial because of the construction works and implementation and monitoring of the occupational health and safety action plan.

3. Employee welfare

Capacity building of staff to carry out its responsibilities, including on monitoring and evaluation of the project.

Building the capacity of the newly established National Construction Authority.

Training of staff both individual and group training.

Skills upgrade through workshops and seminars.

4. Market place practices

a) Responsible Competition Practice

Competitive practices are ensured through competitive bidding, parity in supplier selection, and application of preferences for special groups where applicable, i.e. Youth, Women and Persons with disabilities.

b) Responsible Supply chain and supplier relations

The organisation maintains good business practices by adhering to the set act and regulations, i.e. The Public Procurement and Asset Disposal Act 2015 And Regulations 2020

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

Efforts under this are maintained through Pre qualifications and continuous update of suppliers' profiles by the organisation. Market trends are updated annually through market indexes published by procurement bodies e.g. PPRA and KISM.

d) Product stewardship- outline efforts to safeguard consumer rights and interests

Provision of proper specifications for Goods, Works and Services, and adhering to them.

Engaging the statutory bodies charged with overseeing quality e.g. KEBS.

Carrying out due diligence whenever in doubt, especially before award of contracts.

5. Community Engagements

None

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for the Department of Transport and the Project Coordinator for NUTRIP project) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

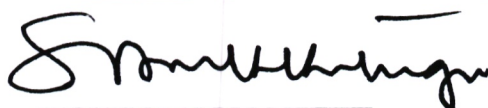
The Principal Secretary for the Ministry of Transport, Infrastructure, Housing and Urban Development and Public Works and the Project Coordinator for NUTRIP project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Transport, Infrastructure, Housing and Urban Development and Public Works and the Project Coordinator for NUTRIP project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2020, and of the Project's financial position as at that date. The Principal Secretary for Transport and Infrastructure and the Project Coordinator for NUTRIP project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the Ministry of Transport, Infrastructure, Housing and Urban Development and Public Works and the Project Coordinator for NUTRIP project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Principal Secretary for the Ministry of the Ministry of Transport & Infrastructure and the Project Coordinator for NUTRIP project on 16th DECEMBER ~~September~~ 2020 and signed by them.



Principal Secretary
Name: Solomon Kitungu



Project Coordinator
Name: Paul Kingori



Project Accountant:
Name: Tobias Olambo
ICPAK Member Number:

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL URBAN TRANSPORT IMPROVEMENT PROJECT CREDIT NO. 5140- KE (MOT COMPONENT) FOR THE YEAR ENDED 30 JUNE, 2020 – STATE DEPARTMENT FOR TRANSPORT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Urban Transport Improvement Project (MOT Component) set out on pages 1 to 16 which comprise of the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cashflow and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Urban Transport Improvement Project as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement between the International Development Association (IDA) and the Republic of Kenya dated 26 September, 2012 and the Public Finance Management Act, 2012.

In addition, the special account statement presents fairly the special account transactions and the closing balances has been reconciled with the books of account.

Basis for Opinion

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

Emphasis of Matter

Under Absorption of Project Funds

As disclosed under Note 1.7 in the funding summary, the project implementation period was six years commencing from 2012 and ending 2018. As at 30 June, 2020,

out of the total commitment of Kshs.1,152,400,000 from the International Development Association (IDA), the Project had withdrawn Kshs.935,649,481 or 81%. Similarly, out of the total commitment from GoK counterpart funding of Kshs.347,600,000, the Project had received only Kshs.108,544,369 or 31%.

In view of the continued funding deficit and with the Project implementation period having lapsed in December, 2018, the envisioned objectives of the Project may not be fully achieved.

My opinion is however not modified based on the effects of the matter mentioned above.

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 were no key audit matters to report in the year under review.

Other Matter

Prior Year Matter

Procurement of Services

As reported in 2018/2019, the Project procured conference facilities at a cost of Kshs.1,800,000 through request for quotations method of procurement. Although the request was sent to three bidders, only one bidder responded. The single quotation was evaluated and the bidder consequently awarded the contract contrary to Section 106 (2) (d) of the Public Procurement and Asset Disposal Act, 2015 which provides that at least three persons shall submit their quotations prior to evaluation and Section III of the Financing Agreement that requires competitive bidding. Further, no evidence was provided on the procurement procedure followed to identify the resource persons who facilitated the training and were paid Kshs.1,353,000.

A review of the position during the year under review indicates that Management has not resolved the issues and remained unresolved as at 30 June, 2020.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the International Development Association (IDA) and the Republic of Kenya, except for the matters under Other Matter section of my report, I report based on my audit, that: -

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters

related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

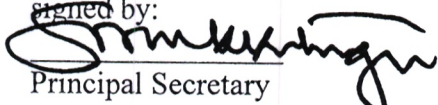
28 December, 2020


*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

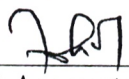
**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH
JUNE 2020**

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Transfer from Government entities	10.3	10,857,572	-	71,330,737	-	108,544,369
Loan from External Development Partners	10.4	-	-	61,608,220	-	935,649,481
TOTAL RECEIPTS		10,857,572	-	132,938,957	-	1,044,193,850
PAYMENTS						
Purchase of goods and services	10.5		-	78,158,615	-	578,792,017
Acquisition of non-financial assets	10.6	-	-	62,234,500	-	406,811,398
Transfers to other government entities		-	-	-	-	47,176,982
Other grants and transfer payments	10.7	10,857,572.00		-	-	10,857,572
TOTAL PAYMENTS		10,857,572.00	-	140,393,115	-	1,043,637,969
SURPLUS/(DEFICIT)		-	-	(7,454,158.00)	-	555,881

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved on 16th DECEMBER ~~September~~ 2020 and signed by:


Principal Secretary
Name: Solomon Kitungu


Project Coordinator
Name: Paul Kingori

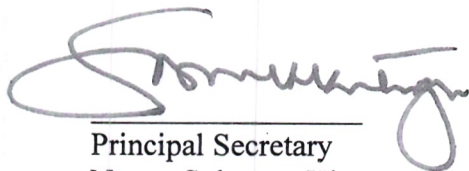

Project Accountant:
Name: Tobias Olambo
ICPAK Member Number:

7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020


National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020

	Note	2019-2020	2018-2019
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10.8A	555,881.00	555,340.00
Total Cash and Cash Equivalents	10.8	555,881.00	555,340.00
TOTAL FINANCIAL ASSETS			
		555,881.00	555,340.00
REPRESENTED BY			
Fund balance b/fwd.	10.9	555,340.00	8,009,498.00
Adjustment during the year	11	541.00	(7,454,158.00)
NET FINANCIAL POSITION			
		555,881	555,340

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10th DECEMBER 2020 and signed by:


 Principal Secretary
 Name: Solomon Kitungu


 Project Coordinator
 Name: Paul Kingori

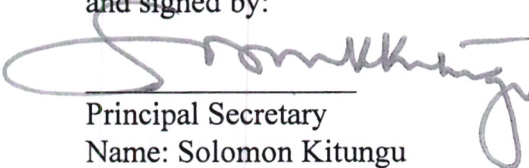

 Project Accountant:
 Name: Tobias Olambo
 ICPAK Member Number:

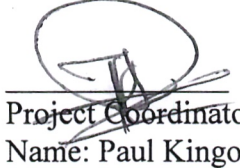
**National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020**


8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

		2019-2020	2018-2019
	Note	KShs	KShs
Receipts from operating activities		-	-
GOK counter part	10.3	10,857,572	71,330,737
Payments from operating activities			
Purchase of goods and services	10.5	-	[78,158,615]
Transfers to other government entities		-	-
Transfers to other government entities	10.7	10,857,572	
Net cash flow from operating activities		-	(6,827,878)
Adjustments during the year	11	541	
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	10.6	-	(62,234,500)
Net cash flows from Investing Activities		-	(62,234,500)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	10.4	-	61,608,220
Net cash flow from financing activities		-	61,608,220
NET INCREASE IN CASH AND CASH EQUIVALENT		-	(7,454,158)
Cash and cash equivalent at BEGINNING of the year		555,340	8,000,498
Cash and cash equivalent at END of the year		555,881	555,340

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on ~~16th DECEMBER~~ 2020 and signed by:

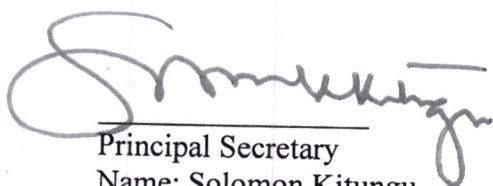

Principal Secretary
Name: Solomon Kitungu



Project Coordinator
Name: Paul Kingori



Project Accountant:
Name: Tobias Olambo
ICPAK Member Number:

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	9,900,000.00		9,900,000.00	10,857,572	(957,572)	110%
Proceeds from domestic and foreign grants						
Proceeds from borrowings						
Miscellaneous receipts						
Total Receipts	9,900,000.00		9,900,000.00	10,857,572	(957,572)	110%
Payments						
Compensation of employees						
Purchase of goods and services						
Social security benefits						
Acquisition of non-financial assets						
Transfers to other government entities	9,900,000.00		9,900,000.00	10,857,572	(957,572)	110%
Other grants and transfers						
Total Payments	9,900,000.00		9,900,000.00	10,857,572	(957,572)	100%


 Principal Secretary
 Name: Solomon Kitungu


 Project Coordinator
 Name: Paul Kingori


 Project Accountant
 Name: Tobias Olambo
 ICPAK Member No:

10. NOTES TO THE FINANCIAL STATEMENTS

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

10.1 Basis of Preparation

10.1.1 Statement of compliance and basis of preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

10.1.2 Reporting entity

The financial statements are for the Project - under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.1.3 Reporting currency

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

10.2 Significant Accounting Policies

a) Recognition of receipts

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

• Transfers from the Exchequer

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

• External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

- **Other receipts**

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

b) Recognition of payments

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

- **Compensation of employees**

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

- **Use of goods and services**

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

- **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Repayment of borrowing (principal amount)**

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

- **Acquisition of fixed assets**

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

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

c) In-kind donations

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

d) Cash and cash equivalents

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

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

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

f) Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 4** of this financial statement is a register of the contingent liabilities in the year.

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

g) Contingent Assets

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Pending bills

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

i) Budget

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

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

j) Third party payments

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

During the year Kshs - billion being loan disbursements were received in form of direct payments from third parties.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Exchange rate differences

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

l) Comparative figures

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

m) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2020.

n) Errors

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

*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS

10.3 RECEIPTS FROM GOVERNMENT OF KENYA

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

	Amount Budgeted Kshs	Amount Received Kshs	Total amount Received in Kshs	
			2019/20	2018/19
			KShs	KShs)
Receipts from government of Kenya	9,900,000.00	10,857,572	10,857,572	71,330,737.00
	9,900,000.00	10,857,572	10,857,572	71,330,737.00

10.4 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2019/20	2018/19
International Development Association (IDA)				-	-	61,608,220.00
Total					-	61,608,220.00

*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.5 PURCHASE OF GOODS AND SERVICES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	71,330,737	539,153,448
Communication, supplies and services	-	-	-	-	950,000
Domestic travel and subsistence	-	-	-	-	1,053,625
Foreign travel and subsistence	-	-	-	-	9,452,317
Printing, advertising and – information supplies & services	-	-	-	-	364,500
Training payments	-	-	-	-	3,708,300
Hospitality supplies and services	-	-	-	6,827,878.00	7,858,978
Specialised materials and services	-	-	-	-	15,600,000
Other operating payments	-	-	-	-	650,849
Total	-	=	-	78,158,165	578,792,017

*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.6 ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of vehicles & other transport equipment	-	-	-	-	145,276,444
Purchase of household furniture & institutional equipment	-	-	-	62,234,500.00	70,207,070
Contracted professional services	-	-	-	-	119,000,884
Pre-feasibility studies	-	-	-	-	72,327,000
Total	-	-	-	62,234,500.00	406,811,398

*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.7 OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Miscellaneous payments – World bank Refund	10,857,572.00	-	-	-	10,857,572.00
Total	<u>10,857,572.00</u>	-	-	-	<u>10,857,572.00</u>

This transfer relates to the refund of unspent money to the World Bank.

10.8 CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	208/19
	KShs	KShs
Bank accounts	555,881	555,340
Total	<u>555,881</u>	<u>555,340</u>

The project has one project account spread within the project implementation area and no foreign currency designated accounts managed by the National Treasury as listed below:

10.8A Bank Accounts

Project Bank Accounts

	2019/20	2018/19
	KShs	KShs
<u>Local Currency Accounts</u>		
Equity Bank [A/c No 0810260438350]	555,881.00	555,340.00
Total local currency balances	<u>555,881.00</u>	<u>555,340.00</u>
Total bank account balances	<u>555,881.00</u>	<u>555,340.00</u>

*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.8B Special Deposit Accounts

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

Special Deposit Accounts Movement Schedule

	2019/2020		2018/2019	
	USD	KSHS	USD	KSHS
Credit No. IDA loan Credit No.5140-KE DA-C				
(i) A/C Name [A/c No.6968510017 Held with CBA Bank Nairobi]				
Opening balance	256,399.56	26,726,592	413,639.58	47,327,218
Total amount deposited in the account	-	-	456,398.98	41,007,594
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-	613,639.00	61,608,220
Balance refund World Bank	256,399.56	26,726,592	-	-
Closing balance (as per SDA bank account reconciliation attached)	Nil	Nil	256,399.56	26,726,592

10.9 FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	555,340.00	8,009,498.00
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	555,340.00	8,009,498.00

11. PRIOR YEAR ADJUSTMENTS

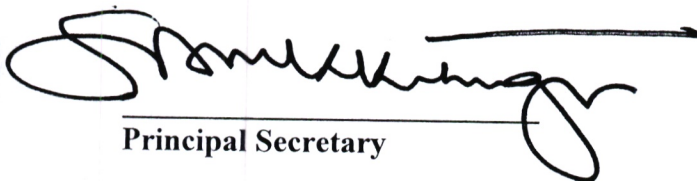
	2019/20	2018/19
	KShs	KShs
Receivables	541	-
Outstanding imprests and advances	-	-
Total	541	-

*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
SDT/NUT RIP/2018/2019	PROCUREMENT SERVICES	The management has not responded as the audit report has just been received	Project coordinator/ accountant	Not resolved	2020/2021 financial year


Principal Secretary


Project Coordinator

Date

Date

*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	9,900,000.00	10,857,572.00	(957,572.00)	110%	Explained in the note below
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	9,900,000.00	10,857,572.00	(957,572.00)	110%	
Payments					
Purchase of goods and services	-	-	-	-	
Other grants and transfers	9,900,000.00	10,857,572.00	(957,572.00)	110%	
Total payments	9,900,000.00	10,857,572.00	(957,572.00)	110%	

Explain all variance below 90% and above 100%

- (i) 110% -The over expenditure of ksh 957,552.00 was charged under KTSSP budget awaiting reallocation in the supplementary estimates.

*National Urban Transport Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 2019/20	*Purchases/Additions in the Year (KShs) 2019/20	**Disposals in the Year (KShs) 2018/19	Closing Cost (KShs) 2019/20
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Office equipment, furniture and fittings	70,207,070	-	-	70,207,070
Vehicles and other transport equipment	145,276,985	-	-	145,276,985
Contracted professional services	119,000,884	-	-	119,000,884
Pre-feasibility Studies	72,327,000	-	-	72,327,000
Total	406,811,939	-	-	406,811,939

APPENDICES

- i. Bank Reconciliations
- ii. Cash Count Certificate

REPUBLIC OF KENYA.

Date: 30TH JUNE 2020.

Report of the Board of Survey on the Cash and Bank Balances of NUTRIP - STATE DEPARTMENT FOR TRANSPORT as at the close of business on 30th June, 2020.

The Board, consisting of (Names and Official Titles)

Name (s) FREDRICK KABUNGE Chairman.
 Name (s) MARY KINUTHIA Member.
 Name (s) TOBIAS OLAMBO Member.

Assembled at the Cash Office of State Department Of Transport at (time) on the 3RD JULY 2020 and the following cash was produced:-

Notes	.....	Sh	<u>NIL</u>
Silver	.....	Sh	<u>NIL</u>
Copper	.....	Sh	<u>NIL</u>
Cheques (as per the details on reverse)	.....	Sh	<u>NIL</u>
		SH	<u>NIL</u>

It was observed that cheques amounting to Sh. NIL Cts NIL had been on hand for more than 14 days prior to the date of the survey. The cash consists of East African currency and does not contain any demonetized coin or notes. The cash Book reflected the following balances as at the close of business on the

30th June, 2020

Cash on hand	.....	Sh.	NIL
Bank Balances	.....	Sh.	555,888.68
			<u>555,888.68</u>

The Bank Certificate Balances showed Sh 555,880.68 Standing to the credit of the account on 30th June, 2020

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in The Bank Reconciliation Statement (F.O.30) attached.

[Handwritten signature]

 Chairman.

Date 02.07.2020
02.07.2020

Members Of the Board.
[Handwritten signature] member
[Handwritten signature] member

BANK RECONCILIATION

F.O.30

AS AT 30TH JUNE,2020

Balance as per Bank Statement

Less:-

- 1. Payments in cash book not recorded
in Bank Statement(Unpresented cheques)
- 2. Receipts in Bank Statement not in Cash Book

Add:-

- 3. Payments in Bank Statement not yet recorded
in Cash Book
- 4. Receipts in Cash Book not yet recorded
in bank statement

Bank balance as per cash book

				Sh.	
				555,880.68	
				-	
				-	
				-	
				-	
				555,880.68	

I certify that I have verified the Bank balance in the Cash Book with the Bank statement and that the above Reconciliation is correct.

Prepared


TOBIAS OLAMBO

Confirmed by

**BANK RECONCILIATION STATEMENT AS AT 30TH JUNE,2020
DEVELOPMENT**

APPENDIX 1 PAYMENTS IN CASHBOOK NOT IN BANK STATEMENT

DATE	VCH.NO.	PAYMENT PARTICULARS	AMOUNT	REMARKS
------	---------	---------------------	--------	---------

