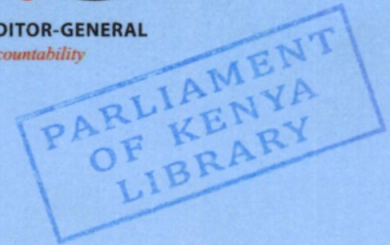
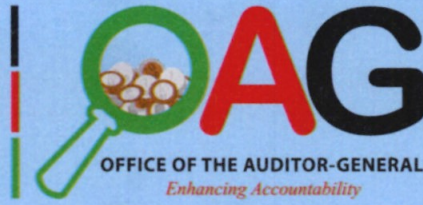


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**NAIROBI INTELLIGENT TRANSPORTATION
SYSTEM ESTABLISHMENT AND JUNCTIONS
IMPROVEMENT PROJECT PHASE I (EDCF
LOAN AGREEMENT NO. KEN-6)**

**FOR THE YEAR ENDED
30 JUNE, 2025**

KENYA URBAN ROADS AUTHORITY

THE NATIONAL ASSEMBLY
PAPER NO. 10 OF 2025
DATE: 12 FEB 2025 Thursday
TABLED BY: Hon George Mungara
Anbehey o Lam.
WORK-AT-TABLE: Randa Tikeri



**NAIROBI INTELLIGENT TRANSPORTATION
SYSTEM (ITS) ESTABLISHMENT AND
JUNCTIONS IMPROVEMENT
PROJECT - PHASE I**

IMPLEMENTING ENTITY:

**KENYA URBAN ROADS AUTHORITY
(KURA)**

PROJECT CREDIT NUMBER: KEN-6

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

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***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative	FY Financial year preceding the current financial year.
KURA	Kenya Urban Roads Authority
ITS	Intelligent Transportation System
KEXIM	Export Import Bank of Korea
GoK	Government of Kenya



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025*

2. Project Information and Overall Performance

2.1 Name and registered office

Name

Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I.

Objective

Harness technology and data to create a smarter, safer, and more efficient transportation system that meets the needs of travellers' while minimizing negative impacts on the environment and society.

Address

The project headquarters offices are:

Block D, Barabara Plaza

Mazao Road, Off Airport South Road

Nairobi, Kenya

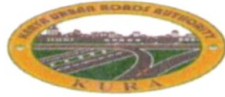
Contacts: The following are the project contacts

P.O. Box: 41727 – 00100 Nairobi

Telephone: (254) 020 8013844

E-mail: dg@kura.go.ke

Website: www.kura.go.ke



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	17 th May 2022
Project End Date:	17 th May 2026
Project Coordinator:	Eng. Wilfred R. Oginga
Project Development Partner:	Export & Import Bank of Korea

2.3 Project Overview

Line Ministry/ State departments	Ministry of Roads and Transport / State Department of Roads
Project Number	KEN-6
Strategic goals of the project	The strategic goals of the project are as follows: (i) Improved traffic flow efficiency of up to 40% from survey analysis, (ii) Reduced waiting time to less than 30 seconds at intersections, (iii) Traffic enforcement (E-Police) system eliminates the need to have physical presence of police at intersections, (iv) Real-time traffic data collection provides accurate information for forecasting and engineering design, Centralized traffic infrastructure and network management.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Traffic Management and Control: ITS aims to optimize the flow of traffic by using real-time data, sensors, and communication technologies to monitor and manage traffic conditions. This includes adjusting traffic signal timings, managing lane usage, and



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025*

	<p>rerouting traffic to alleviate congestion and improve overall traffic flow.</p> <p>(ii) Congestion Reduction: By implementing technologies such as dynamic route guidance, real-time traffic updates, and predictive modelling, ITS helps reduce congestion on roadways and minimizes delays for travellers.</p> <p>(iii) Enhanced Safety: ITS technologies contribute to safer roads by providing real-time information about accidents, hazards, and road conditions. This information can be used to alert drivers and emergency services, reducing response times and preventing potential accidents.</p> <p>(iv) Environmental Sustainability: ITS can help reduce the environmental impact of transportation by optimizing traffic flow, reducing idling times, and promoting the use of alternative transportation modes. This contributes to lower emissions and improved air quality.</p> <p>(v) Improved Transportation Efficiency: Through data analysis and predictive modelling, ITS enables transportation agencies to make informed decisions about infrastructure investments, maintenance schedules, and traffic management strategies, leading to more efficient use of resources.</p> <p>(vi) Traveller Information and Convenience: ITS provides travellers with real-time information about traffic conditions, alternative routes, parking availability, and public transportation schedules. This</p>
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**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025**

	<p>improves the travel experience and allows individuals to make more informed decisions about their routes.</p> <p>(i) Emergency Response: ITS technologies play a crucial role in emergency situations by providing quick and accurate information to emergency services. This helps expedite response times and assists in managing traffic during emergencies.</p>
<p>Other important background information of the project</p>	<p>The project is implemented as per terms and conditions contained in the financing agreement which is a form of bilateral agreement made between the Kenyan Government and other foreign countries and contains mutually agreed obligations for each of the parties with regard to the project to be financed. The agreement was approved by the cabinet Secretary, The National Treasury in accordance with Section 58 of the Public Finance Management Act 2012 founded on the legal opinion of the Attorney General as prescribed in regulation 203 of the Public Finance Management Regulations 2015.</p> <p>The project is exempted from the Public Procurement and Disposal Act 2015 as per Section 4(2) which lists exemptions to the Act and stipulates that the Act does not apply to “procurement and disposal of assets under bilateral or multilateral agreements between the Government of Kenya and any other foreign government, agency, entity or multilateral agency unless as otherwise prescribed in the Regulations”</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) Limited and expensive real estate to expand road infrastructure. (ii) Traffic congestion (iii) Inadequate road safety measures (iv) Air pollution because of traffic congestion (v) Inefficient traffic enforcement procedures



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

Project duration	Four (4) Years
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2.4 Bankers

Project bank account is domiciled in the funding country.

2.5 Independent Auditor

Office of the Auditor General (OAG)

2.6 Roles and Responsibilities

Below is a list key staff involved in the implementation of the project including the project coordinator.

No.	Names	Title designation	Key qualification	Responsibilities
1	Eng. Wilfred R. Oginga	Director Urban Roads Planning & Design	Civil Engineer	Project Engineer/ Team Leader
2	Lenah Mutheu	Engineer (Planning & Design)	Civil Engineer	Deputy Project Engineer
3	Mwinyi Bwika	Assistant Director (ITS)	IT Expert	Project ITS Analyst
4	Jared Owuor	Assistant Director (Research & Innovation)	Economist	Project Transport Economist
5	Paul Odak	Assistant Director (Survey)	Surveyor	Project Surveyor
6	Aggrey Lukale	Assistant Director Finance	Accountant & Finance Expert	Project Accountant



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

No.	Names	Title designation	Key qualification	Responsibilities
7	Festus Ivou	Senior Assistant Accountants Officer	Accountant	Project Assistant Accountant
8	Evelyne Kutata	Senior Supply Chain Management Officer	Procurement Expert	Project Procurement Officer
9	Wilson Tikwa	Assistant Director (Road Safety)	Urban Planning & Road Safety Expert	Project Safety Officer
10	Lawrence Wachira	Environmentalist	Environmental Expert	Project Environmentalist
11	Elsie Ngendo	Senior Sociologist	Social Expert	Project Sociologist
12	Benson Wanjiku	Electrical Superintendent	Electrical Engineer	Project Services Relocation Officer

2.7 Funding summary

The Project is for duration of four (4) years from 2022 to 2026 with an approved budget of **US\$ 61,000,000.00** equivalent to **Kshs 6,718,790,100** as highlighted in the table below:



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Loan						
Export & Import Bank of Korea	61,000,000	6,718,790,100	13,008,153	1,661,193,423	47,991,847	5,057,596,677
(ii) Counterpart funds					-	-
Government of Kenya	219,350	25,410,403	219,350	25,410,403	-	-
Total	61,219,350	6,744,200,503	13,227,503	1,686,603,826	47,991,847	5,057,596,677



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date (30 th June 2025)		Cumulative amount paid to date (30 th June 2025)		Unutilised balance to date (30 th June 2025)	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
Export & Import Bank of Korea	13,008,153	1,661,193,423	13,008,153	1,661,193,423	-	-
(ii) Counterpart funds						
Government of Kenya	219,350	25,410,403	219,350	25,410,403	-	-
Total	13,227,503	1,686,603,826	13,227,503	1,686,603,826	-	-



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I overall budget absorption was 99% with GoK Counterpart funding at 0% and the development partner component at 99.96%.
- ii) The project low absorption of the GoK Counterpart Budget was due to the delay in receipt of funds by the close of the Financial Year. The GoK Counterpart funding was received after the close of the Financial Year.
- iii) The project works component commenced in the period under review.
- iv) The project Consultant commenced the second phase of their services being the supervision services on commencement of the works component.
- v) The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I project is expected to face the following challenges:

a) Heavy Traffic During Work

Due to its location, the project site has heavy traffic and therefore will require coordination with other relevant bodies such as the traffic police to control the traffic.

b) Relocation of Services

The project site is expected to have utilities including those underground which require timely coordination with the service providers for relocation.

2.9 Summary of Project Compliance:

The Project 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.



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The key development objective of the project is to Harness technology and data to create a smarter, safer, and more efficient transportation system that meets the needs of travellers' while minimizing negative impacts on the environment and society.

The project will primarily serve to enhance economic efficiency through improved mobility and accessibility to businesses thereby supporting economic development and fostering inclusive growth. To achieve the overall objective the project has two components:

- a) **Project Works**
- b) **Consultancy Services**

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. Performance indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Below, we provide the progress on attaining the stated objectives identified to track progress and performance measurement:



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

Project	Objective	Outcome	Indicator	Performance
Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I.	Harness technology and data to create a smarter, safer, and more efficient transportation system that meets the needs of travellers’ while minimizing negative impacts on the environment and society.	(i) Improved traffic flow efficiency of up to 40% from survey analysis, (ii) Reduced waiting time to less than 30 seconds at intersections, (iii) Traffic enforcement (E-Police) system eliminates the need to have physical presence of police at intersections, (iv) Real-time traffic data collection provides accurate information for forecasting and engineering design, (v) Centralized traffic infrastructure and network management.	(i) Junction Capacity (Maximum Number of vehicles a junction can accommodate) (ii) Travel Time (The time taken from origin to destination) (iii) Waiting Time (Time taken between arrival and exit at an intersection) (iv) Air Pollution levels/ air quality (v) Construction of ITS Center	Works component commenced in the financial year under review Supervision services are ongoing



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025*

4. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

Kenya Urban Roads Authority aims at enhancing sustainable urban road transportation and mobility. Our Urban Roads Planning, Development and Maintenance strategy mainstreams the global 2030 Agenda for sustainable Development in our operations. The urban road network remains the key enabler for the realization of the objectives of Kenya Vision 2030 and any other agenda and guidelines established overtime. In the implementation of our Strategic Plan, we mainstream sustainability principles by complying with the local policies, legislations as well as international safeguard requirements. The Authority continues to foster Strategic partnerships with stakeholders for effective delivery of our services. To mitigate on the impact of any emerging disruption on the economy and our operations, we have been implementing a business continuity plan.

2. Environmental Performance

Our operations pose different degrees of risks to the environment. KURA has a functional Environment, Safety and Health Policy that outlines commitment to efficient use of resources, reducing and preventing pollution, and product stewardship. We conduct Environmental and Social Impact Assessment for all new projects prior to construction so as to control environmental risks and hazards. All contractors are required to adhere with the Environmental Management Plans and waste control measures, among others. Periodic Environmental Monitoring and Audit Reports are prepared to demonstrate compliance with legal requirements. The Authority takes in consideration biodiversity conservation efforts during the project lifecycle through avoidance of destructive extractive activities. Materials sites are subjected to environmental impact assessment as well as site restoration plans. Tree planting and growing is done within the road reserves to provide carbon sinks as an approach for climate mitigation and adaptation. Collaborative efforts with the private sector, resident associations as well as with government agencies have enabled the planting and maintenance of tree seedlings. In order to address the social risks associated with the construction and maintenance of urban roads, the authority undertakes social impact assessment and resettlement action plans.



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025*

3. Employee Welfare

The Authority has instituted measures to provide a conducive working environment for the well-being of staff and enhanced productivity. We have a comprehensive staff medical cover for both outpatient and inpatient services. This is in addition to group life policy WIBA contributory pension scheme and staff mortgage scheme. Annual staff appraisals are promptly undertaken and forms the basis for promotions and competency development through appropriate training for career development and personal growth. During the period of the project's implementation continuous training of various professional skills and competencies is to be carried out in addition Continuous Development Programs offered by various professional bodies. During the period of implementation of the project, the Authority will ensure compliance by submitting all the returns to the relevant regulatory institutions within the prescribed timelines. The Authority has put in place measures for compliance with the provisions of the Occupational Safety and Health Act, 2007. We undertake occupational health and safety assessment and risk assessment for improvement of the work environment for employees and customers.

4. Market Place Practices-

a) Responsible Supply Chain and Supplier Relations-

The Authority has aligned the Supply Chain processes to the Public Procurement and Disposal Act and the Public Procurement & Disposal Regulations, 2020. We continue to build the Capacity of our Suppliers through awareness creation on best practices, Fair procurement practices and on time payment. The Authority's Service Charter Guides Service Delivery standards detailing payment requirements and set timeframes for turnaround time for supplier payments. KURA has utilized innovation and technology in handling supplier payment to ensure application of the first in first out principle this is enabled by the Enterprise Resource Management System currently in use by the Authority. Effectiveness of all these measures is also monitored from time to time through internal audits and external checks to ensure continuous improvement.

b) Responsible Ethical Practices

The Authority has established responsible ethical practises by having an anti-corruption policy in place and ensuring all Staff commit to the Authority's code of conduct and declare conflict of



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

interest. Also the Authority ensures that staff working in the projects receive competitive wage bearing in mind the minimum allowed wage in the country, ensuring employees general well-being is well catered for, guaranteeing that all materials are sourced within the available guidelines and are sourced in competitive environment to provide equal opportunities to different suppliers and in compliance with the Laws of the Republic of Kenya and ensuring that all employees receive comprehensive benefits as well as treated with respect.

c) Regulatory Impact Assessment

The Project will ensure that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority has to be in place for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of the development partner the latter have been applied.

The Authority ensures compliance by submitting all the returns to the relevant regulatory institutions within the prescribed timelines. The Authority has put in place measures for compliance with the provisions of the Occupational Safety and Health Act, 2007. We undertake occupational health and safety assessment and risk assessment for improvement of the work environment for employees and customers.

d) Community Engagements

The Authority has established a functional Stakeholder Engagement policy that is continuously applied in engaging interested and affected persons in urban road planning and implementation. The feedback obtained from these activities is used to inform decision making for continual improvement. The urban road infrastructure is designed bearing all users in mind and ensuring that it caters for all persons including those with disability as well as non-motorized road users, through construction of ramps and walkways. The Authority also engages communities by providing job opportunities to people working around the national urban road project areas.



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025*

5. Statement of Project Management Responsibilities

The *Director General, Kenya Urban Roads Authority* and the *Project Coordinator* for *Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I*, are responsible for the preparation and presentation of the Project’s financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 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 project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The *Director General, Kenya Urban Roads Authority* and the *Project Coordinator* for *Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I*, accept responsibility for the Project’s financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Director General, Kenya Urban Roads Authority* and the *Project Coordinator* for *Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I*, are of the opinion that the Project’s financial statements give a true and fair view of the state of the Project’s transactions during the financial year ended June 30, 2025, and of the Project’s financial position as at that date. The *Director General, Kenya Urban Roads Authority* and the *Project Coordinator* for *Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I*, further confirm the completeness of the accounting records maintained for the Project, which have been relied



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The **Director General, Kenya Urban Roads Authority** and the **Project Coordinator** for **Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I**, confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit 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 **Director General, Kenya Urban Roads Authority** and the **Project Coordinator** for **Nairobi Intelligent Transportation System Implementation and Junction Improvement Project – Phase I** on 12th August, 2025 and signed by:

.....
Eng. Silas M. Kinoti, EBS
Director General

.....
Eng. Wilfred R. Oginga
Project Coordinator

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 NAIROBI INTELLIGENT TRANSPORTATION SYSTEM ESTABLISHMENT AND JUNCTIONS IMPROVEMENT PROJECT PHASE I (EDCF LOAN AGREEMENT NO. KEN-6) FOR THE YEAR ENDED 30 JUNE, 2025 – KENYA URBAN ROADS AUTHORITY

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I (EDCF Loan

Report of the Auditor-General on Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I (EDCF Loan Agreement No. KEN-6) for the year ended 30 June, 2025 – Kenya Urban Roads Authority

Agreement No. KEN-6) set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of cash flows, Statement of changes in Net Asset and the 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 the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I (EDCF Loan Agreement No. KEN-6) 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 Financing Agreement EDCF Loan Agreement No. KEN-6 dated 29 January, 2021 between the Republic of Kenya and the Export-Import Bank of Korea 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 Nairobi Intelligent Transportation System Establishment and Junction Improvement Project – Phase I 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.

Key Audit Matters

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

Other Information

The Oversight Committee is responsible for the Other Information set out on page iii to xviii which comprise of Project information and Overall Performance, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project 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 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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delayed Commencement of Works

As previously reported, the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project was for a duration of four (4) years from 17 May, 2022 to 17 May, 2026 with an approved budget/loan amount of US\$ 61,000,000 equivalent to Kshs.6,718,790,100. During the year under review, an advance payment of USD 11,088,840 equivalent to Kshs.1,438,852,394 or 20% of the contract sum was disbursed to the lead contractor on 15 January, 2025 in line with the contractual terms. Despite the substantial advance payment made to the contractor, the project had not progressed beyond the design stage, and the contractor had not mobilized to site.

Further, an amount of Kshs.257,915,594 had been paid to a consultancy company against a contract sum of Kshs.719,426,197 resulting to outstanding balance of Kshs.515,831,187 or 35% payment progress. However, review of the monthly progress reports, revealed that the consultancy company was contracted on 5 May, 2022, with an initial completion date set for 8 April, 2025. However, the consultancy period was extended to 31 July, 2027, an additional 27.7 months to accommodate implementation delays.

In addition, the implementation schedule for the basic design and construction phase, as per the contract was planned from 31 January, 2025 to 31 July, 2027, comprising a 30-month period followed by a 24-month operations and maintenance phase. A letter from consultant to the contractor reference number Cheil /25/KE/CS1/036 dated 31 July, 2025 revealed serious delays due to lack of a qualified Project Manager, poor design execution due to inaccurate survey data, failure to submit the Method of Construction, lack of traffic Management Plan, and Safety Plan. The consultant instructed the contractor to take immediate corrective actions, including appointing a qualified Project Manager, submitting an updated work program and accurate survey data and also providing a utility relocation list. However, at the time of audit inspection in the month of August, 2025, there was no evidence of compliance with the directives.

In the circumstances, delayed Project implementation has negatively impacted on service delivery to the public and value for money incurred could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standard 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 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 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Financing Agreement EDCF Loan Agreement No. KEN-6 dated 29 January, 2021 between the Republic of Kenya and the Export-Import Bank of Korea, 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. 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.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the 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

11 November, 2025



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025**

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

	Notes	FY 2024/2025
		Kshs
Revenue		
Revenue Transfers		
Total revenue	6	1,512,542,564
		1,512,542,564
Expenses		
Certified Works		
Total expenses	7	73,690,170
Other gains/(losses)		73,690,170
Gain/Loss on sale of assets		
Gain/Loss on foreign exchange transactions		
Impairment loss		
Surplus/ (deficit)		1,438,852,394

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

.....
Eng. Silas M. Kinoti, EBS
Director General

.....
Eng. Wilfred R. Oginga
Project Coordinator

.....
Aggrey Lukale
Project Accountant
ICPAK M. No. 4409

(Paragraph 79 of IPSAS 33 allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position, and an opening statement of financial position at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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8. Statement of Financial Position as at 30th June 2025

	Note	FY 2024/2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents			
Receivables	8	10,164,161	-
Inventories			
Advance Payment	8	1,438,852,394	
Total Current Assets		1,449,016,555	-
Non-Current Assets			
Infrastructure WIP	9	257,915,594	184,225,424
Intangible Assets			
Total Non- Current Assets		257,915,594	184,225,424
Total Assets (a)		1,706,932,149	184,225,424
Liabilities			
Current Liabilities			
Trade and Other Payables	10	10,164,161	
Third Party Deposits			
Deferred Income			
Total Current Liabilities		10,164,161	-
Total Liabilities (b)		10,164,161	-
Net Assets (a-b)		1,696,767,988	184,225,424
Represented By:			
Accumulated Surplus/deficit		1,438,852,394	
Project Reserve fund		257,915,594	184,225,424
Total Net Assets		1,696,767,988	184,225,424

The financial statements were approved on 12th August, 2025 and signed by:

.....
Eng. Silas M. Kinoti, EBS
Director General

.....
Eng. Wilfred R. Oginga
Project Coordinator

.....
Aggrey Lukale
Project Accountant
ICPAK M. No. 4409



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

9. Statement of Changes in Net Assets

Description	Accumulated Surplus
	Kshs
As at 30th June 2024 (Cash Basis)	-
Adjustments:	
Asset Recognition	-
Liabilities recognition	-
As at 1st July 2024	-
Surplus/(Deficit) for the year	1,438,852,394
As at 30th June 2025	1,438,852,394

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

The financial statements were approved on 12th August, 2025 and signed by:

.....
Eng. Silas M. Kinoti, EBS
Director General

.....
Eng. Wilfred R. Oginga
Project Coordinator

.....
Aggrey Lukale
Project Accountant
ICPAK M. No. 4409



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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10. Statement of Cashflow for the year ended 30th June 2025

Description	Note	Insert Current FY
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		1,512,542,564
Miscellaneous Revenue		
Total receipts		1,512,542,564
Payments		
Employee costs		
Use of goods and services		
Transfer to other Government Entities		
Other Transfers/Subsidies/Grants		
Certified Works		1,512,542,564
Total payments		1,512,542,564
Net cash flow from operating activities		-
Cashflow from investing activities		
Acquisition of non-financial assets		(1,512,542,564)
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
Net cash flows from investing activities		(1,512,542,564)
Cash flow from financing activities		
Proceeds from foreign borrowings		1,502,378,402
Proceeds from Counterpart Funding		10,164,161
Net cash flow from financing activities		1,512,542,564
Net increase/Decrease in cash and cash equivalents		-
Cash and cash equivalent at 1st July 2024		-
Cash and cash equivalent at end June 2025		-



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

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 %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods	-	-	-	-	-	
Receipts						
Revenue Transfers	1,125,000,000	390,500,000	1,515,500,000	1,512,542,564	2,957,436	99.8%
Miscellaneous Revenue	-	-	-	-	-	
Total Revenue	1,125,000,000	390,500,000	1,515,500,000	1,512,542,564	2,957,436	99.8%
Payments						
Employee costs	-	-	-	-	-	
Use of goods and services	-	-	-	-	-	
Transfer to other Government Entities	-	-	-	-	-	
Other Transfers/Subsidies/Grants	-	-	-	-	-	
Certified Works	1,125,000,000	390,500,000	1,515,500,000	1,512,542,564	2,957,436	99.8%
Total Payments	1,125,000,000	390,500,000	1,515,500,000	1,512,542,564	2,957,436	99.8%
Surplus/Defecit	-	-	-	-	-	0%



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	-
1	Reason for differences	N/A
	Closing Cash and Cash Equivalent as per the statement of Cash flows	-



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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12. Notes to the Financial Statements

1. General Information

Kenya Urban Roads Authority is established by and derives its authority and accountability from Kenya Roads Act of 2007. The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I is wholly owned by the Government of Kenya and is domiciled in Kenya. The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I’s principal activity is managing, developing, rehabilitating, and maintaining national urban roads.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

These financial statements were authorized for issue by the accounting officer on 12th August, 2025

3. Adoption of New and Revised Standards

- i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for	<i>Applicable 1st January 2025</i> The Standard requires,



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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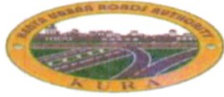
Standard	Effective date and impact:
Sale and Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>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 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.</p>
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> <ul 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>



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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***ii) New and amended standards and interpretations in issue but not yet effective in the year ended
30 June 2025***

Standard	Effective date and impact:
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> 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.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <i>iii.</i> Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Standard	Effective date and impact:
	mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I did not early – adopt any new or amended standards in the financial year.



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the National Assembly on 25th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I upon receiving the respective approvals to conclude the final budget. Accordingly, the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I recorded additional appropriations on the FY 2024/2025 budget following the National Assembly approval of three supplementary estimates and Board's budget approval including additional funding towards settlement of outstanding bills through securitization/ bridge facility. The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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performance has been presented on *page 6* under *Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025* of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the financial statements

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

e) Intangible assets

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



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I can demonstrate:

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

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

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I and a financial liability or equity instrument of another Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I. At initial recognition, the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
Annual Report and Financial Statements for the financial year ended June 30, 2025***

The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Notes to the financial statements

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I*.

i) Provisions

Provisions are recognized when the *Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The *Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I* does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets



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The *Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I* 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 *Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the financial statements

j) Nature and purpose of reserves

Kenya Urban Roads Authority creates and maintains reserves in terms of specific requirements. The project does not have reserves.

k) Changes in accounting policies and estimates

The *Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I* recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

l) Employee benefits

Retirement benefit plans

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



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contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

The *Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I* regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

p) Service concession arrangements

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



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asset has been recognized, KURA also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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.

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.



***Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

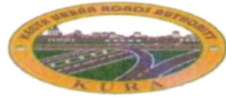
Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the *Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I*.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

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.



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Notes to the financial statements

6. Revenue Transfers

Description	FY 2024/2025 KShs
Unconditional Transfers	
GoK Counter Part funding	10,164,161
Transfers from Development partners	1,502,378,402
Total Unconditional Transfers (a)	1,512,542,564
Conditional Transfers	
Transfers from Development partners 1	
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	1,512,542,564

The development partner funding was towards the advance payment for the project works component and also payment of the consultant’s fee note. GoK Counterpart funding was towards the consultant’s invoices.

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (Current FY)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	10,164,161			10,164,161
Development Partner 1-Korea Exim Bank	1,502,378,402			1,502,378,402
				-
Subtotal	1,512,542,564	-	-	1,512,542,564
Deferred Income realized				-
Transfers in Kind				-
Total	1,512,542,564	-	-	1,512,542,564



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7. Certified Works

Description	FY 2024/25
	Kshs
Road Works	-
Consultancy Services	73,690,170
Total	73,690,170

8. Receivables

Description	FY 2024/2025	1 st July 2024
	Kshs	Kshs
Counter Part Funding	10,164,161	
Contractor's Advance payments	1,438,852,394	
Total Receivables	1,449,016,555	-

The counterpart funding receivable relates to Exchequer funds requested in FY 2024/2025 and had not been received by the close of the FY.

The contractor receivable is advance paid against a bank guarantee issued by the project contractor.

Ageing analysis for Receivables

Description	FY 2024/2025		1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,449,016,555	100%	-	0%
Between 1- 2 years		0%	-	0%
Between 2-3 years		0%	-	0%
Over 3 years		0%	-	0%
Total (a+b)	1,449,016,555	100%	-	0%



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Notes to the Financial Statements (Continued)

9. Infrastructure Work in Progress

Cost	Capital Work in progress	Total
	Kshs	Kshs
Depreciation rate		
As At 1 st July 2024 (opening balances)	184,225,424	184,225,424
Additions	73,690,170	73,690,170
Disposals		
Transfers/Adjustments		
As at 30th June 2025	257,915,594	257,915,594
Depreciation and Impairment		
As at 1 July 2025		
Depreciation charge for the year		
Impairment loss		
Transfers/ Adjustments		
As At 30th June 2025	-	-
Net Book Values		
As at 1 st July 2024	184,225,424	184,225,424
As at 30 th June 2025	257,915,594	257,915,594



*Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Notes to the Financial Statements (Continued)

10. Trade and Other Payables

Description	FY 2024/2025		1 st July 2024	
	Kshs		Kshs	
Project Civil Works	-		-	
Consultancy Services	10,164,161		-	
Total trade and other payables	10,164,161		-	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY 2023/24	% of the Total
Under one year		0%		%
1-2 years	10,164,161	100%		%
2-3 years		0%		%
Over 3 years		0%		%
Total	10,164,161	100%	-	

The outstanding amount was incurred in the financial year under review and request for GoK counterpart funding from the exchequer was made but there was a delay in release of the funding which caused delay in settlement. The counterpart funding was received after the close of the financial year and the outstanding amount settled.



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Notes to the financial statements

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

Description	FY 2024/2025
	Kshs
a) Grants /transfers from the government	
Grants from national govt	-
Total	-

11. Events after the Reporting Period

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

12. Ultimate And Holding Entity

The Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I is a project under implementation by KURA, State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Roads and Transport. Its ultimate parent is the Government of Kenya.

13. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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13. Annexes

Annex 1: Prior Year Auditor-General’s Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Budgetary Control and Performance	<p>The statement of comparison of budget and actual amounts reflects budget receipts and actual on a comparable basis of Kshs.83,526,008 and Kshs.74,936,412 respectively, resulting in an under-funding of Kshs.8,589,957. The shortfall is attributed to counterpart-funding in form transfer from Government entities indicating actual receipts of Kshs. 11,410,403 compared to the budgeted amount of Kshs.20,000,000, resulting to an under-funding of Kshs.8,589,597 or 43% of the budget. Similarly, the Project Management spent an amount of Kshs.74,936,412 against an expenditure budget of Kshs.83,526,008 resulting to an under-expenditure of Kshs.8,589,957.</p> <p>The counterpart under-funding points to potential weaknesses in meeting donor conditions and enforcing project controls.</p> <p>In the circumstances, the under-funding and the under-expenditure may have negatively impacted service delivery and the implementation of planned programs for the project.</p>	The project budgeted resources in FY 2023/24 were adequate for the activities and they were adequately funded	Resolved	N/A
Other Matter	In the audit report of the previous year, several issues were raised under Emphasis of Matter and Report on Lawfulness and Effectiveness in Use of Public Resources. However,	Delayed commencement of works- <i>The project works has commenced</i>	Resolved	N/A



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Unresolved Prior Year Matters	Project Management has not resolved the issue or given any explanation for failing to adhere to the provisions of the Public Sector Accounting Standards Board template	Irregular clause on Financing Agreement and non-compliance with the Public Procurement and Asset Disposal Act, 2015 - <i>The project is exempted from the Public Procurement and Disposal Act 2015 as per Section 4(2) which lists exemptions to the Act and stipulates that the Act does not apply to “procurement and disposal of assets under bilateral or multilateral agreements between the Government of Kenya and any other foreign government, agency, entity or multilateral agency unless as otherwise prescribed in the Regulations”</i>	Resolved	N/A



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1. Delay in Implementation of the Project	<p>As reported previously, the Project duration is four (4) years, running from 17 May, 2022 to 17 May, 2026 with an approved loan budget of US\$ 61,000,000 equivalent to Kshs.6,718,790,100. However, by 30 June, 2024, only an amount of Kshs. 158,815,021 or 2.4% of the Development Partner's commitment of Kshs. 6,718,790,100 had been received by the Project.</p> <p>Further, review of contract documents revealed that project was behind as the phases for selection of contractor, review of the bidding document and the supporting the bidding procedure had not been completed while detailed design phase had yet to begin. These project components were originally scheduled to be completed within the first twelve (12) months of the project. As at 30 June, 2024 the project was behind schedule by over fourteen (14) months and was still implementing components relating for the first (12) twelve months.</p> <p>In addition, the statement of receipts and payments reflects an amount of Kshs. 184,225,424 in respect of acquisition of non-financial assets which as disclosed in Note 3 to the financial statements, pertains to the design review and supervision of systems works. However, delays have been noted in the commencement of the project's works. Management attributed the low absorption of the Development Partner's loan budget to the failure to commence the works component in the financial year 2023/2024, which was expected to consume the highest portion of the loan facility.</p> <p>In the circumstances, there is a risk that the Project delivery will be delayed due to the delay in commencement of works which may have an impact on service delivery to the public</p>	The project works component has commenced	Resolved	N/A



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
2. Lack of Clarity of Contract Terms on Additional Payments to Contractor	<p>Paragraph 1.2 of Part A of the contract document for consultancy services between the Kenya Urban Roads Authority and the Project Consultant, dated May 5, 2022, outlines the improvement of twenty-five junctions and the installation of Intelligent Transportation System (ITS) field equipment at these intersections, as well as the construction of a Traffic Management Center in Nairobi City County. The total duration of the consulting services contract is expected to be thirty-four and a half months. However, in the event of work suspension or delays due to external factors not attributable to the consultant, any necessary extensions to the construction supervision period will be accommodated. These could include changes in the scope of work and additional assignments for the extended period will be accepted and added to the contract amount, including related reimbursable expenses. However, the contract does not clearly specify how the contract sum would be affected in such circumstances.</p> <p>In the circumstances, the Project may incur an indeterminate amount in penalties and additional costs if unforeseen events occur.</p>	<p>Currently the Consultancy contract is the only existing document that defines the amounts due to the consultant and on attainment of specific deliverables.</p> <p>The deliverables are time based and as such the project is not expected to incur any additional costs</p>	Resolved	N/A



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
3. Irregular clause on Financing Agreement and Non-Compliance with the Public nt and Asset Disposal Act, 2015	<p>As previously reported, the Government entered into a contract with an international Company for consultancy services for Nairobi ITS (Intelligent Transportation System) Establishment and Junctions Improvement Project on 05 May, 2022 for thirty-four and a half (34.5) months from the date of commencement.</p> <p>However, review of Part IV and Schedule 4 of the Project's Financing Agreement revealed that only suppliers who are nationals of the Republic of South Korea or juridical persons incorporated and registered there could bid for the consultancy services. This is contrary to Section 60(1) of the Public Procurement and Asset Disposal Act, 2015 which requires that an Accounting Officer of a procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement proceedings.</p> <p>In the circumstances, the Project Management and The National Treasury were in breach of the law.</p>	The project is exempted from the Public Procurement and Disposal Act 2015 as per Section 4(2) which lists exemptions to the Act and stipulates that the Act does not apply to “procurement and disposal of assets under bilateral or multilateral agreements between the Government of Kenya and any other foreign government, agency, entity or multilateral agency unless as otherwise prescribed in the Regulations”	Resolved	N/A

.....
Eng. Silas M. Kinoti, EBS
Director General

.....
Eng. Wilfred R. Oginga
Project Coordinator



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Annex 2: Reconciliation of inter-entity transfers

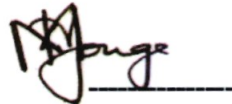
Project Name: Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I			
Break down of transfers from the State Department of Roads			
a.	Government Counterpart funding		
		Bank Statement Date	Amount (Kshs)
			Indicate the FY to which the amounts relate
1	Invoice 03 Consultancy -Taxes	11-Jul-2025	10,164,161
		Total	10,164,161
B.	Direct payments		
		Bank Statement Date	Amount (Kshs)
			Indicate the FY to which the amounts relate
1	IPC 01-Advance Payment- Project Works		1,438,852,394
2	Invoice 03 - Consultancy Services		63,526,008
		Total	1,502,378,402
C.	Others		
		Bank Statement Date	Amount (Kshs)
			Indicate the FY to which the amounts relate
		Total	-
		Total (A+B+C)	1,512,542,564

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Coordinator
Kenya Urban Roads Authority

Head of Accounting Unit
State Department of Roads

Sign



Sign



**Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project – Phase I
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Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Infrastructure Assets- Roads, Rails					
Work in Progress	184,225,424	73,690,170			257,915,594
Total	184,225,424	73,690,170			257,915,594