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REPORT

OF

THE AUDITOR-GENERAL

ON

NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY

FOR THE YEAR ENDED 30 JUNE, 2023

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THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

The Nairobi Metropolitan Area Transport Authority (NaMATA)
Annual Report and Financial Statements
for the year ended June 30, 2023.

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

BRT	Bus Rapid Transit
CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MoRT	Ministry of Roads and Transport
MRTS	Mass Rapid Transit System
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Kenya has practiced traditional models of city development – without an effective transport and proper land use planning. In 2003 an inter-agency committee was formed by the then Minister for Transport to address problems affecting all sub-sectors of transport in the country. The committee came up with an Integrated National Transport policy that was approved by the Cabinet in 2009 and by Parliament as Sessional Paper no.2 of 2012. Among other recommendations was; development of Mass Rapid Transit System (MRTS) comprising of Bus Rapid Transit, Light Rail, Metro System and an elaborate non-motorized transport network and to carry out the integrated transport agenda with the Nairobi Metropolitan Area, the establishment of Nairobi Metropolitan Area Transport Authority (NaMATA). This recommendation was anchored into the Vision 2030 and subsequent Medium-Term Plans.

This led to the signing of MOU to establish NaMATA on 21st October 2014 between the Governors of the five NMA Counties of Nairobi City, Kajiado, Kiambu, Machakos and Murang'a and Cabinet Secretary for Transport and Infrastructure. This paved way for the establishment of Nairobi Metropolitan Area Transport Authority (NaMATA) steering Committee through Gazette Notice No. 1093 of 20th February 2015 supported by a secretariat.

In February 2017, Nairobi Metropolitan Area Transport Authority (NaMATA) was established by an Executive Order by His Excellency the President through Legal Notice No. 18 of 17th February 2017. The main objective is to develop a sustainable integrated public transport and a sustainable urban mobility plan for the Nairobi Metropolitan Area.

A Mass Rapid Transit System (MRTS) map for the Nairobi Metropolitan Area has been developed and it identifies five (5) Bus Rapid Transit corridors with provision for upgrade to light rail and integration locations with the current commuter rail. These corridors are at various implementation stages and technical/ institutional set up initiatives are all being executed by different road agencies under the Ministry of Roads and Transport, (MRT). This stakeholders/agency multicity has identified challenges in the definition of transport integration and sustainability principles along the predetermined MRTS corridors, hence the pertinence of establishment of NaMATA.

b) Principal Activities

The mandate of the Authority is to:

- Develop a sustainable integrated public transport strategy for the Metropolitan Area;
- Develop a sustainable urban mobility plan for the Metropolitan Area derived from the strategy;

- Formulate and oversee the development of a sustainable, evidentially based, Integrated Mass Rapid Transit System Strategy;
- Plan, regulate and co-ordinate the supply of adequate and effective Mass Rapid Transit System;
- Formulate and implement programmes and policies for the overall improvement of public transportation systems within the Metropolitan Area;
- Provide an enabling environment for orderly and structured development of the mass transit system, including both bus rapid transit and commuter rail within the Metropolitan Area;
- Coordinate with other government agencies and other parties for the development and operation of transport infrastructure, facilities and works necessary for the discharge of the functions of the Authority;
- Develop an inventory and undertake continuous evaluation of the declared road network status within the Metropolitan Area;
- Formulate strategies to ensure overall improvement in traffic flow, planned and programmed traffic engineering and traffic management works within the Metropolitan Area;
- Ensure optimal utilisation of intermodal means of transport including air, road, rail and non-motorised transport and any other modes targeting mass movement within the Metropolitan Area;
- Assist in poverty alleviation by increasing economic efficiency through lower transport costs and prices within the Metropolitan Area;
- improve the environmental sustainability of the transport system in the Metropolitan Area;
- Facilitate the integration of transport and land use planning in the Metropolitan Area;
- Make better use of existing road space for all modes and reduce the need for the construction new roads within the Metropolitan Area;
- Regulate both on street and off-street parking on declared corridors and impose fees and penalties with respect thereto;
- Conduct studies and research for, amongst other things, identification of the Mass Rapid Transit System routes, corridors, network and service levels;
- Develop appropriate and sustainable funding mechanisms in order to achieve the objectives of the Authority; and
- Perform the any other functions vested upon the Authority under the Nairobi Metropolitan Area Transport Authority Order.

Vision Statement of the Authority

A safe, reliable, affordable and seamless public transport system.

Mission Statement of the Authority

To transform the quality of life through delivery of an integrated and sustainable public transport system within the Nairobi Metropolitan Area.

c) Key Management

The Authority's day-to-day management is under the following key organs:

- Board of Directors;
- Director General
- Management

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Director General	Eng. Francis Gitau
2.	Corporation Secretary & Director Legal Services	Ms. Connie Ngachu
3.	Director Projects & Programmes	Eng. John Githui
4	Ag. Director Corporate Services	Mr. John Muya
5.	Deputy Director Human Resources & Administration	Ms. Judith Mukoma
6.	Ag. Deputy Director Finance & Accounts	CPA Brian Kiptoo
7.	Deputy Director Corporate Policy, Research & Strategy	Dr. Dominic Omboto
8.	Deputy Director, ICT	Mr. Patrick Owuor
9.	Ag. Head of Supply Management Unit	Ms. Soila Shunet
10.	Assistant Director Internal Audit	Ms. June Muthoga

e) Fiduciary Oversight Arrangements

The Board of directors have created board committees for their fiduciary oversight:

Committee	Members	Function
HUMAN RESOURCE AND ADMINISTRATION COMMITTEE	1. Mr. Nathanael Nganga 2. Eng. B.K Njenga 3. Mr. Patrick Mbogo 4. Mr. Wilson Kangethe 5. Mr. Micheal Semera	Provide oversight on all Human Resource and Administration functions.
TECHNICAL AND STRATEGY COMMITTEE	1. Arch. Pius Macharia 2. Mr. Patrick Mbogo 3. Mr. Nathanael Nganga 4. Eng. B.K. Njenga	Provide oversight on all Technical & Strategy functions.
AUDIT, RISK, COMPLIANCE AND GOVERNANCE COMMITTEE	1. Mr. Micheal Semera 2. Arch. Pius Macharia 3. Mr. Joseph Mwaura 4. Mr. Wilson Kangethe	Provide oversight on all audit, risk and governance functions.
FINANCE AND GENERAL-PURPOSE COMMITTEE	1. Mr. Patrick Mbogo 2. Mr. Nathanael Nganga 3. Eng. B.K. Njenga 4. Mr. Joseph Mwaura	Provide oversight on all finance and general-purpose functions.

f) Entity Headquarters

NHC House
Aga Khan Walk, Harambee Avenue
P.O. Box 52692-00200
Nairobi, KENYA

g) Entity Contacts

Telephone: +254-020-2729200
E-mail: info@namata.go.ke
Website: www.namata.go.ke

h) Entity Bankers

1. Kenya Commercial Bank
   Capitol Hill Branch
   Nairobi

i) Independent Auditor

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

j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board of Directors/Council

 Hon. Peter Korinko Mositet – Board Chairperson	Eng. Peter Korinko Mositet is a registered Professional Engineer with the Institute of Engineers of Kenya and Engineers Board of Kenya. He holds a Bachelor of Science Degree in Civil Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Higher Diploma in Civil Engineering from The Kenya Polytechnic(currently The Technical University of Kenya), Ordinary Diploma in Civil Engineering from The Kenya Polytechnic(currently The Technical University of Kenya) and a Certificate in Water Engineering from Ministry of Water Training School.Currently pursuing Master of Arts-Social Transformations-Tangaza University College. Peter Korinko Mositet has Thirty Five (35) years of local, regional and global experince in Civil and Structural Civil Engineering including Building and Construction having previously worked with Assumption Sisters, Medicin Sans Frontiers (MSF) Belgium,(CCK) currently Communication Authoriy of Kenya, District Works Office Kajiado and Machakos,Department of Defence, Universal Concern,Namuncha Community,National Water and Pipeline Corporation (N.W.C.P.C),Concern Universal, Thika Municipal Council, former Ministry of Works, Girl Child Network, Olkejuado County Council, Ministry of Roads,Friends of Meisori, ASAL, Kenya Rural Roads Authority (KeRRA), Kenya National Highways Authority (KeNHA) and Athi Water Services Board among others. While serving in all this organisations either as a Consultant or Project Engineer, he worked with many professionals for the successful establishment and delivery of specific projects
	Mr Daghar is the PS, State Department of Transport. He was sworn in on 2nd December, 2022 alongside other 51 Permanent Secretaries at State House Nairobi. He took over

 Mr. Mohamed Daghar, Principal Secretary, State Department of Transport	from Dr Eng Joseph Njoroge who has been at the helm until November, 2022. Prior to joining government, Mr Daghar was a technocrat with academic and professional training having experience in conducting empirical research in evolving areas of security risk assessments and safety indexes, crime perception and mitigation alternatives and creation of safer cities through sustainable development agenda. **Alternate Member to PS, Transport – Mr. Peter King'ori.**
 Mr. Charles Hinga Principal Secretary, Housing and Urban Development	Charles Hinga is the Principal Secretary, State Department for Housing and Urban Development (SDHUD) under the Ministry of Lands, Public Works, Housing and Urban Development in the Government of Kenya. In this role, Charles leads the SDHUD team in undertaking housing policy management, management of various housing schemes for civil servants and disciplined forces, development and management of government pool housing, public accommodation lease and management, maintenance of the inventory of government housing property as well as development and management of affordable housing. The State Department is also charged with shelter and slum upgrading, urban planning More specifically, the State Department is spearheading the implementation of the New Urban Agenda and efforts to achieve SDG 11 which focus on creating sustainable cities and human settlements, disaster risk reduction, adequacy of services, and inclusivity within communities. Prior to joining public service, Charles was a successful entrepreneur, establishing and running a group of companies with interests in Investment Banking, Project Finance, and township-based broadband telecommunications. Through this experience, Charles has nurtured skills skilled in project design, structuring, and

	capital raising, financial analysis, negotiations and business case development for public-private partnerships. In 2016, he was the recipient of the South Africa Professionals Services Awards as the Consulting Professional of the year. The judges noted that he won this award for the well-articulated desire to make a difference working through an offshoot of the consulting business that provides internet connectivity to the previously disadvantaged. Charles is a Chartered Accountant (CA) and holds a Bachelor of Commerce (Accounting) degree from Kenyatta University as well as a Bachelor of Accounting Science (Honours) degree from the University of South Africa. **Alternate Member to PS, Housing – Eng. Benjamin Njenga**
 Prof. Njuguna Ndung'u, Cabinet Secretary, National Treasury & Economic Planning.	Prof. Njuguna Ndung'u is the Cabinet Secretary, National Treasury & Economic Planning. He was appointed Cabinet Secretary by President William Samoei Ruto on September 27, 2022. Prior to the current appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons. He is an associate professor of economics at the University of Nairobi, Kenya and the immediate former Governor, Central Bank of Kenya. Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatniklo School of Government, Oxford University, Director of Training at AERC, Program specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from University of Gothenburg, Sweden. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion, that coordinates financial inclusion

	policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance. **Alternate Member to CS, Finance – Mr. Joseph Mwaura**
 Hon. Patrick Mbogo – Former County Executive Committee Member in Charge of Transport, Nairobi County	Hon. Patrick Mbogo is Former County Executive Committee Member in Charge of Transport, Nairobi County
 Hon. Nathaneal Nganga - County Executive Committee Member in Charge of Transport, Machakos County	Hon. Nathaneal Nganga Reuben is a BSc Mathematics (Statistics) graduate from Egerton University and holds a Master's degree in Public policy and Administration from Kenyatta University; and he is currently pursuing a PhD in Public Policy & Management. Hon. Nathaniel Nganga Reuben is currently the CECM in the department of Roads, Transport & Public Works, Machakos County Government appointed on 09th November 2022 by H. E. Hon. Wavinya Ndeti, the governor of Machakos County Government. During the years of 2020 to 2022, he served as the Machakos County Senate Office Manager under the Parliamentary Service Commission. He served as the Machakos County Deputy Speaker and MCA of Ikombe Ward in the years 2013 – 2017. Prior to that, he had worked as a teacher, a banker and

	also a research scientist with different institutions. Hon. Nathaniel Nganga is known for his dedication to transformative leadership, selflessness, accountability in management of public funds, equity, equality and his intelligent decision-making.
 Arch. Pius Macharia County Executive Committee Member in Charge of Transport, Muranga County	Arch. Pius Macharia is a registered Architect by the Board of Registered Architects and Quantity surveyors. He is a results-driven and highly experienced Senior Architect with over 15 years of expertise in designing and managing architectural projects of varying scales and complexities. Adept at translating client visions into innovative and sustainable architectural solutions. Proven ability to lead teams, collaborate with stakeholders, and ensure project success from concept to completion. Demonstrated proficiency in sustainable and environmentally conscious design principles. As a senior architect, he has a track record of successfully leading teams through fostering creativity, and maintaining a collaborative atmosphere within teams. His leadership has resulted in efficient project execution and high client satisfaction. Arch. Pius Macharia has extensive experience that encompasses a wide range of projects, from residential to commercial and institutional. He has a deep understanding of architectural principles, design trends, and emerging technologies. He is committed to Sustainable Design: I am committed to sustainable and environmentally conscious design principles having led projects that reduced energy consumption by 20%, and incorporated cutting-edge sustainable materials and technologies.

 Hon. Micheal Semera County Executive Committee Member in Charge of Transport, Kajiado County	Honorable Michael Semera holds a Bachelor of Accounting from University of Nairobi and he is currently pursuing an MBA in Strategic Management from Kenyatta University. He is a professional with experience in Business development and management, Self-driven, diligent, cooperative and team player. Above all he is committed to excellence at task implementation, ready to learn, responsible and reliable. He has over 20 years of diverse experience in the banking industry. He has worked as a research officer in the Ministry of water development for a short period of time before settling in the banking industry. During his tenure in the banking industry, he has worked in different managerial position as he moved from KCB to Equity bank then to Family bank before settling for Equity bank where he worked until recently before he was appointed CECM position in the Kajiado County Government.
 Eng. Francis Gitau Ag. Director General	Eng. Francis Gitau is the Director General at Nairobi Metropolitan Area Transport Authority (NaMATA). NaMATA is the Authority mandated to oversee the establishment of an integrated, efficient, effective and sustainable public transport system within the Nairobi Metropolitan Area (NMA). He is the immediate former Roads Secretary in the State Department of Roads, Ministry of Roads and Transport and has also worked in various capacities including Chairman of the Mechanical Transport Fund from 2015, Chairman Budget Committee Infrastructure Department, Chairman of Transport Sector Training Committee of the National Industrial Training Authority (NITA); Alternate Chair of the Ministerial Human Resource Committee Chairman of National Steering Committee on Review of Road Department among other leadership positions. He holds an MSc in Transport Engineering and a BSc in Civil Engineering from the University of Nairobi, an Executive MBA from JKUAT and Advanced Professional Training in Management of Road Maintenance from Aachen University Germany. He is trained in various areas including Strategic

	Leadership; Resource Management; Management of Labour Based Road Construction and Maintenance Programme, Management of Road Maintenance, Financial Monitoring and Evaluation, Management Corporate Governance and FIDIC Courses. He has vast experience and knowledge in the transport sector, policy, project management & oversight, and is engaged in the transformation of the public transport industry.
 Ms. Connie Ngachu, Corporation Secretary & Director Legal Services	Ms. Connie Ngachu is the Corporation Secretary & Director Legal Services at the Nairobi Metropolitan Area Transport Authority. She is an Advocate of the High Court of Kenya and holds a Bachelors of Law Degree (Second Class Honours) from Catholic University of Eastern Africa and a Post Graduate Diploma in Law from Kenya School of law. Ms. Ngachu holds a Masters in Law (Oil & Gas) from Strathmore Law School. She is a Certified Secretary with CPS (K) qualifications and currently serving as the Secretary of the Board of Directors of NaMATA. She also serves as the Secretary of the Nairobi Metropolitan Area Council. Ms. Ngachu is a member of the Law Society of Kenya, East Africa Law Society. She is a Commissioner of Oaths, Notary Public and a Quality Assurance Auditor. She has vast knowledge in the transport and energy sector having applied herself in policy and legislative reforms. She has been a corporate lawyer for over 12 years with experience in litigation, arbitration, legislative drafting, contracts and regulatory compliance.

4. Key Management Team

Names	Title designation	Key qualification
1. Eng. Francis Gitau	Ag. Director General	Eng. Francis Gitau is the Director General at Nairobi Metropolitan Area Transport Authority (NaMATA). NaMATA is the Authority mandated to oversee the establishment of an integrated, efficient, effective and sustainable public transport system within the Nairobi Metropolitan Area (NMA). He is the immediate former Roads Secretary in the State Department of Roads, Ministry of Roads and Transport and has also worked in various capacities including Chairman of the Mechanical Transport Fund from 2015, Chairman Budget Committee Infrastructure Department, Chairman of Transport Sector Training Committee of the National Industrial Training Authority (NITA); Alternate Chair of the Ministerial Human Resource Committee Chairman of National Steering Committee on Review of Road Department among other leadership positions.
2. Ms. Connie Ngachu	Corporation Secretary & Director Legal Services	Ms. Connie Ngachu is the Corporation Secretary & Director Legal Services at the Nairobi Metropolitan Area Transport Authority. She is an Advocate of the High Court of Kenya and holds a Bachelors of Law Degree (Second Class Honours) from Catholic University of Eastern Africa and a Post Graduate Diploma in Law from Kenya School of law. Ms. Ngachu holds a Masters in Law (Oil & Gas) from Strathmore Law School. She is a Certified Secretary with CPS (K) qualifications and currently serving as the Secretary of the Board of Directors of NaMATA. She also serves as the Secretary of the Nairobi Metropolitan Area Council. Ms. Ngachu is a member of the Law Society of Kenya, East Africa Law Society. She is a Commissioner of Oaths, Notary Public and a Quality Assurance Auditor.

		She has vast knowledge in the transport and energy sector having applied herself in policy and legislative reforms. She has been a corporate lawyer for over 12 years with experience in litigation, arbitration, legislative drafting, contracts and regulatory compliance.
3. Eng. John Githui	Director Projects & Programmes	Eng. John Ngatia Githui is a Registered Eng. (PE) with Engineers Board of Kenya (EBK) and a corporate member of the Institution of Engineers of Kenya. He holds a Bachelor's degree in Civil Engineering from the University of Nairobi, Masters of Philosophy (MPhil)/Infrastructure Development and Transportation Engineering and Planning from Yokohama University (Japan). Trained in Performance Based Contract Course, Comprehensive Urban Transportation Planning and Projects, Environmental and Social Impact Assessment/Environmental Audit Course (Certified ESIA/SESA Lead Expert), Strategic Leadership Development Programme (SLDP), Senior Management Course, Monitoring and Evaluation Course (Certified M&E Expert), Resource Mobilization and Project Concept Course (Certified Resource Mobilization Expert). He is currently undertaking a PhD degree in Organizational Leadership and Development at Pan African Christian University (PAC) with an interest in Transformational leadership theories and practices in organizations. Eng. John Ngatia Githui has over 20 years' experience in engineering management particularly in road designs, construction/project supervision, rehabilitation and maintenance.
4. Mr. John Muya	Ag. Director Corporate Services	Mr. John Muya is a career administrator holds a Bachelor's of Arts degree from University of Nairobi, a Master's degree in Public Health, Epidemiology and Biostatistics from Boston University,

		Massachusetts USA. Leadership training in Singapore and Corporate Governance course in Nairobi. John Muya have over 25 years in public service and is currently Secretary Administration/AHP at the State Department of Housing and Urban Development.
5. Ms. Judith Mukoma	Deputy Director, HR & Administration	Ms. Judith Mukoma holds a Master's in Business Administration (MBA) Degree, (Strategic Management option), from the University of Nairobi. She also holds a BEd. Degree from Kenyatta University, Nairobi; a Higher Diploma from the Kenya National Examination Council (KNEC) in Human Resource Management. She is a CHRP(K), a Full Member of the Institute of Human Resource Management (IHRM), and a licensed Human Resource Practitioner.
6. Dr. Dominic Omboto	Deputy Director Corporate Policy, Research & Strategy	Dr. Dominic Omboto is the Deputy Director at NAMATA, with a diverse background in education and management. He initially worked as a high school teacher before transitioning to the Public Service Commission of Kenya and later the National Youth Service Technical College, where he taught various subjects, including Technical Drawing, Mathematics, and Financial Accounting. In 2018, Dr. Omboto joined the TVET Authority as Assistant Director of Research and Strategy, where he led significant initiatives like ISO certification and research policy development. In 2022, he moved to NAMATA. His impressive educational qualifications include a Ph.D. in Business Administration (Strategic Management), an MBA in Strategic Management, and a Bachelor of Education in Building and Civil Engineering. He also holds professional certifications like CPA (K) and CPS (K), as well as a Project Management certificate from Google.

		His professional interests encompass strategic planning, corporate governance, competence-based education, research, and curriculum development.
7. Mr. Patrick Owuour	Deputy Director ICGT	Mr. Patrick Owuor is an ICT Authority accredited registered professional with over 12 years of experience in a vast array of dynamic technology environments developing and administering information systems and ICT Infrastructure. He holds a Bachelor of Science (Computer Technology) from Jomo Kenyata University of Science and Technology and a Master's degree in IT Security and Audit from Jaramogi Oginga Odinga University of Science and Technology. He is a registered member of the Information Systems Audit and Control Association (ISACA) and a Certified Information System Security Professional (CISSP).
8. CPA Brian Kiptoo	Ag. Deputy Director Finance & Accounts	Mr. Brian is a finance professional with over 10 years of experience in both private and public Sector adeptly managing financial operations to drive strategic growth and operational excellence. Proven expertise in financial management, reporting, budgeting, and compliance. Skilled in implementing effective systems, mentoring teams, and achieving outstanding results. He holds a Master's Degree Business Administration (strategic management) from United States International University -Africa, Bachelor's Degree in Commerce (Finance) from Kabarak University. He is a Certified Public Accountant (K) and Certified Investment Financial Analyst (Finalist). He is a member of Institute of Certified Public Accountant (ICPAK) and the Institute of Internal Auditors (IIA).

9. Ms. Soila Shunet	Ag. Head of Supply Unit	Ms. Rose Soila Shunet is a registered Supply Chain Professional with both the Kenya Institute of Supplies Management (KISM) and the Chartered Institute of Procurement and Supplies (CIPS). She holds a Master of Science degree in Procurement, Logistics, and Supply Chain Management from the University of Salford in Greater Manchester, England, and a Bachelor of Management and Leadership with a specialization in Purchasing and Supplies Management from the Management University of Africa. Additionally, she possesses a Diploma certificate in Procurement and Supplies from the Chartered Institute of Procurement and Supply in the UK and a Diploma in Purchasing and Supplies Management from the Kenya Institute of Management. Rose is also trained in Project Management, E-Procurement, and World Bank Procurement practices. With 12 years of extensive combined experience, she excels in cross-functional competencies encompassing procurement, vendor management, quality assurance, and project management. Currently, she holds the position of Senior Supply Chain Management Officer at NaMATA.
10. Ms. June Muthoga	Assistant Director, Internal Audit	June has a background in external and internal audit in both the private and public sector spanning twelve years. She is a member with the Association of Chartered Certified Accountants (ACCA) and the Institute of Internal Auditors (IIA). She holds a Bachelor's degree in Commerce from Strathmore University and a Master's in Business Administration, Strategic Management from the United States International University -Africa. She is currently undertaking her Certified Internal Auditor (CIA) certification.

5. Chairman's Statement

In recent years, Kenya has experienced a steady economic growth fuelled partly by massive investment in the Transport Sector. Nairobi is the main economic centre in the country contributing to over 40% of the country's GDP. A key challenge for Nairobi Metropolitan Area (NMA) is the rapid population growth, taking place within the context of a deteriorating and costly transport system.

Various studies indicate that Nairobi City County has a daily sleeping population of 4.2 million. This population increases to above 7-million-day population (an increase of 70%) most of whom reside in the surrounding counties of Kiambu, Murang'a, Machakos and Kajiado. This is projected to reach 15.1Million in year 2030.

It is estimated that the value of time lost to travel in Nairobi is between US$ 0.8 million and US$ 4 million per month, with congestion costing about US$ 500,000 daily. This has a huge negative effect on productivity. It is also harming Nairobi as a business destination, along with other cities in Kenya, including Mombasa. It is also estimated that Kenya's annual cost of road traffic accidents, in which most victims are pedestrians in urban areas, is equivalent to about KES 300 billion.

As per the Constitution of Kenya 2010, transport is a devolved and shared function between the two levels of government. The Constitution under Article 189, (2) allows for the two levels of government to enter into an agreement regarding the performance of functions that cut across by setting up joint committees and joint authorities.

It is on this basis that in October 2014, the Ministry of Transport, Infrastructure, Housing and Urban Development and the County Governments of Nairobi City, Kiambu, Murang'a, Machakos and Kajiado (Nairobi Metropolitan Area) signed a Memorandum of Understanding for the development of an integrated transport system within NMA.

To actualize this, the Ministry through the Gazette Notice No. 1093 of 20th February 2015, appointed a Steering Committee for a period of one year comprising of members from the National Government and from the five (5) NMA Counties.

The main mandate of the Committee was to oversee the establishment of an integrated, efficient, safe, reliable and sustainable transport system within the NMA and establishment of Nairobi Metropolitan Area Transport Authority (NaMATA). The Gazette Notice was extended for another one year with effect from 1st March, 2016 vide Kenya Gazette Notice No.1743.

The Nairobi Metropolitan Area Transport Authority (NaMATA)
Annual Report and Financial Statements
for the year ended June 30, 2023.

In February 2017, NaMATA was established by an Executive Order by His Excellency the President through Legal Notice No. 18 of 17th February 2017 with the responsibility of developing and implementing a comprehensive urban transport policy, including a MRTS network development and definition of overall operational regulation of urban commuter services.

NaMATA's principal objective is to oversee the establishment of a safe, integrated, efficient, effective, and sustainable public transport system within the Nairobi Metropolitan Area. To achieve it, the Authority shall plan, develop, maintain, and operate an integrated and sustainable public transport network that includes infrastructure and services that affect delivery of the Authority's mandate within the Nairobi Metropolitan Area (NMA).

The policy and strategic leadership of NaMATA is vested in a Council comprising of:

i. The Cabinet Secretary responsible for Transport (Chairman)
ii. The Cabinet Secretary responsible for Finance
iii. The Governor of Nairobi City County (Deputy Chairperson)
iv. The Governor of Kiambu County;
v. The Governor of Machakos County
vi. The Governor of Kajiado County
vii. The Governor of Murang'a County

The task of delivering an efficient and affordable public transport system for NMA requires NaMATA to effectively mainstream and coordinate all implementation efforts and initiatives by different players in the transport sector for the region. This includes hosting frequent dialogues among key stakeholders and establishing coordination and implementation mechanisms.
In this regard, sustained capacity building for its staff will be essential to ensure that NaMATA is able to fulfil its role of coordinating and leading urban transport initiatives.

Chairperson, Nairobi Metropolitan Area Transport Authority.

6. Report of the Chief Executive Officer

The Integrated National Transport Policy (INTP) was adopted by Cabinet in 2009 with a Sessional Paper passed by Parliament on 14th August 2012 to operationalize the policy. The INTP mission is to develop, operate and maintain an efficient, cost effective, safe, secure and integrated transport system that links the transport policy with other sectoral policies, in order to achieve national and international development objectives in a socially, economically and environmentally sustainable manner. The policy proposes measures aimed at "Consolidation of Urban Public Transport", through encouraging a shift to high occupancy vehicles amongst other measures.

The Integrated National Transport Policy identifies coordination gaps and recommends establishment of a Metropolitan Transport Authority (MTA) to address these gaps. This therefore, requires that an integrated passenger transport network is considered essential and that a mass rapid transport system is to be constructed in Nairobi and its environs. It is under this backdrop that a Mass Rapid Transit System (MRTS) is envisaged for Nairobi with Bus Rapid Transit (BRT) and Commuter Rail at the core.

It is against this backdrop that in 2014, the Ministry of transport infrastructure housing and urban development commissioned a study that harmonized the MRTS corridors and came up with five BRT corridors and four commuter rail corridors. These are represented in the schematic diagram below:

In 2019, the Nairobi Metropolitan Area (NMA) Council gazetted the following BRT corridors:

1.2.1 BRT corridors

- LINE 1 NDOVU Limuru - Kangemi - CBD - Imara Daima - Athi River – Kitengela
- LINE 2 SIMBA Rongai - Bomas (Langata Rd) - CBD - Ruiru - Thika – Kenol
- LINE 3 CHUI Tala - Njiru – Dandora (Juja Rd) - CBD –Showground (Ngong Rd) – Ngong
- LINE 4 KIFARU Mama Lucy Hospital - Donholm (Jogoo Rd) - CBD - T Mall - Bomas - Karen – Kikuyu
- LINE 5 NYATI Ridgeways (Kiambu Rd) - Balozi (Allsops) - Imara Daima

1.2.2 Commuter Rail corridors

- Nairobi – Limuru Town
- Nairobi – Ngong Town
- Nairobi – Kenol, Murang'a
- Nairobi – Kiambu Town

- Nairobi – Ruai Town
- Nairobi – JKIA
- Nairobi – Konza

THE GAZETTED COMMUTER RAIL SYSTEM (CRS)

Gazetted CRS include:

S. No.	Commuter Rail Line	From - to	Intermediate Stations	Length
1.	Line 1	NCS (km 530) – Gitaru – Limuru	Kibera (km 540) Dagoretti (km 549) Gitaru (km 557) Kikuyu (km 560)	47 km
2.	Line 2	NCS – Ruiru – Thika	Dandora (km 12) Mwiki (km 17) Githurai (km 21) Kahawa (km 24) Ruiru (km 32)	57 km
3.	Line 3	NCS – Athi River – Konza	Makadara (km 525), Imara Daima (km 519), Marimbeti/Mlolongo (km 506), Athi River (km 500), Lukenya (km 488), Stony Athi (km 478) Kapiti (km 469)	74 km
4.	Line 4	NCS – JKIA	Nairobi Terminus Station 16 km Syokimau 17 km	21 km
5.	Line 5	NCS – Embakasi Village	Makadara (km 5), Donholm (km 7) Pipeline (km 10.1)	13 km

6.	Line 8	NCS - Ngong	Kibera (km 540), 10km from NCS Lenana (km 545) 15 km from NCS Karen 19 km from NCS	27 km

NaMATA Focus on Nairobi Commuter Rail through;

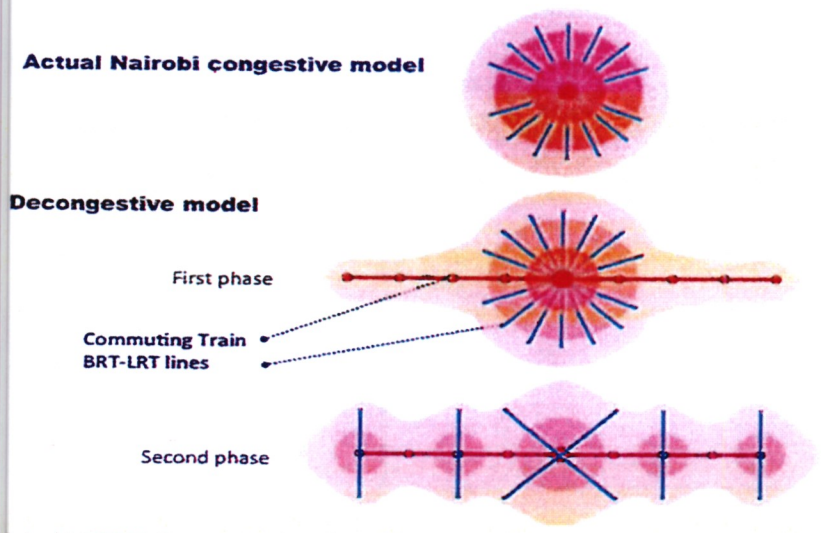
- Integration of Land Use and Transport
- Planning and Development
- Transport Integration
- Infrastructure Integration, and Service
- Integration
- Commuter Rail Standards:
- Infrastructure, Rolling Stock, Quality of Service
- Financing and Contracting Commuter Rail
- Services

5 BRT Lines on Major Corridors; Nairobi Commuter rail as the backbone of the MRTS Network.

A series of Quick Wins have been identified through the Commuter Rail Masterplan Study, which would lead to the rehabilitation of the network to various levels of improvement in a relatively short time period by:

1. Increasing the number of daily trips
2. Increasing the operational fleet
3. Improving security and accessibility at stations and halts
4. Providing efficient and reliable control systems.
5. Build 2 new stations and improve accessibility to 8 others
6. Infrastructure investment for the section from NCS to Makadara, for line 2 from Makadara to Embakasi Village, for line 3
7. From Makadara to Ruiru.
8. Systems implementation runs parallel to track works rehab
9. 9 new DEMUs of 8 cars each to be purchased for a fleet mix of refurbished locomotives
10. New depot to be built.

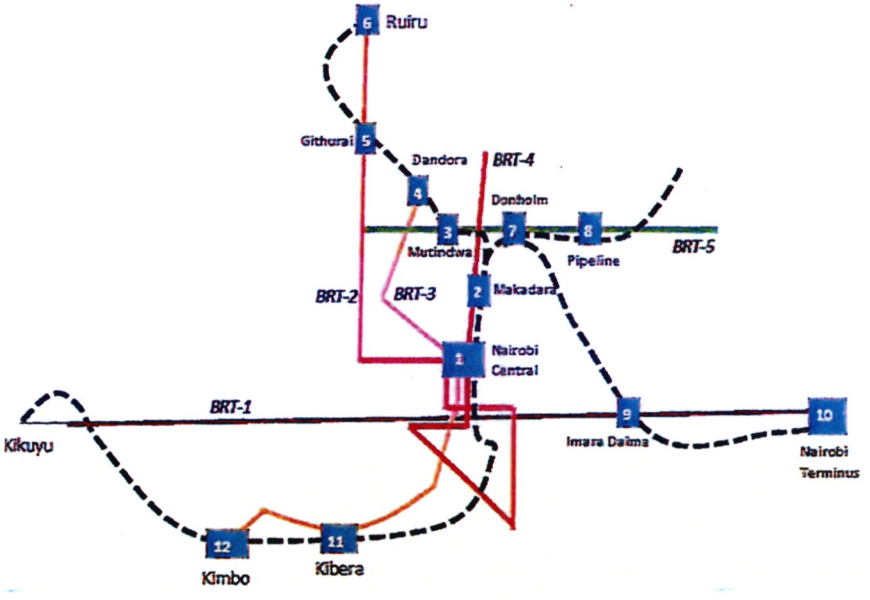
These measures are estimated to cost US$ 300 million and would take could be implemented within 5 years. They will increase the commuter rail passenger traffic to 230,000 per day.



Nairobi MRTS Decongestive Concept

Integration of Commuter Rail and BRT

1. Nairobi Central Station
2. Makadara
3. Mutindwa
4. Dandora
5. Githurai
6. Ruiru
7. Donholm
8. Pipeline
9. Imara Daima
10. Nairobi Terminus
11. Kibera
12. Kimbo



Integration of Commuter Rail and BRT

2.0 Programmes and Projects

2.1 Programmes

2.1.1 Capacity Building

ITEM	PARTNER	REMARKS
1	French Development Bank	Existing Technical Assistance
2	Japanese International Cooperation Agency	Project on Bus Management
3	European Union	Institutional Strengthening
4	German Development Bank	Capacity Building

2.1.2 Planning

2.1.2.1 Infrastructure

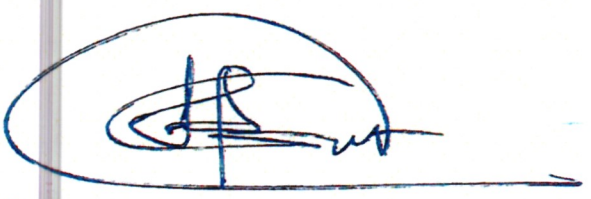
2.1.2.1.1 BRT corridors (Line 1, Line 3, Line 5)

I. Line 1(Concept by CRBC KeNHA)

II. Line 3 (Detailed Design done by NaMATA)
III. Line 5(Being implemented by KURA including the roll-out of ITS systems and infrastructure-

2.1.2.1.2 Commuter Rail Corridors

I. Line 4 (Project preparation completed by French Consortium. Unlock procurement by resolving taxation issues for phase I:5km link to JKIA, commence negotiations with the French Consortium for phase 2: PPP "Full development, double tracks, electrification and rolling stock/operations" and vest contracting authority to NaMATA)
II. Line 1/Line 2(Pursue negotiations with China Railway Consortium on the privately initiated investment proposal (PIIP))



Ag. Director General – Nairobi Metropolitan Area Transport Authority

7. Statement of Performance against Predetermined Objectives for FY 2022-2023

The Key Result Areas/Strategic Focus Areas and corresponding strategic objectives and strategies are summarized in the table 3.2 and they are all on going.

Table 3. 1: Strategy Matrix

Key Result Areas	Strategic objectives	Activities
1.Transformation of Public Transport	1.1 To enhance mobility of people	1.1.1 Decongestion of NMA
		1.1.2 Improve Traffic management
		1.1.3 Integration of Public Transport and Land use planning
	1.2 Improve Safety and security of public transport	1.2.1 Improve public transport modes
		1.2.2 Enhance security of public transport
2.Environmental sustainability	2.1 To improve quality of life	2.1.1 Enhance traffic management
		2.1.2 Modal Substitution
		2.1.3 Fare Controls
	2.2 To protect the environment	2.2.1 Reduce Greenhouse Gas Emissions and air pollution
		2.2.2 Increasing green corridors
		2.2.3 Develop climate proof infrastructure
3.Financial Stewardship	3.1 To secure financial sustainability	3.1.1 Enhance mobilization of financial resources
	3.2 To ensure prudent and optimal utilization of resources	3.2.1Strengthen internal control systems and procedures
4.Institutional Capacity	4.1 To attract and retain competent human capital	4.1.1 Establish an optimal staffing level
		4.1.2 Talent Acquisition
		4.1.3 Human Resource Development
		4.1.4 Performance Management
		4.1.5 Establish staff benefits and welfare programs
		4.1.6 Establish Conducive work environment
	4.2 To improve ICT service delivery.	4.2.1 Enhance Utilization of ICT
		4.2.2 Increase level of access to information
		4.2.3 Enhance cyber security
	4.3 Entrench Corporate Governance	4.3.1 Promote good Governance
		4.3.2 Compliance with legal and regulatory framework

8. CORPORATE GOVERNANCE STATEMENT

STATEMENT ON GOOD GOVERNANCE

The organization has adopted high standards and applies strict rules of conduct, based on the best corporate practices. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles: -

1. To observe high standards of ethical and moral behaviour;
2. To act in the best interests of the organization,
3. To remunerate and promote fairly and responsibly.
4. To recognize the legitimate interests of all stakeholders; and
5. To ensure that the organization acts as good corporate citizen.

In general, Board members shall act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the organization over other interests. They will act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

BOARD MEETINGS HELD AND ATTENDANCE LIST

The Authority's board has held four board meetings within the FY 2022/2023 as per the guidelines of the Mwongozo Code of Governance for State Corporations.

BOARD MEETING	ATTENDANCE
14th December 2022	1. Peter Mositet 2. Festus Marangu 3. Pius Macharia 4. Nathanael Nganga 5. Francis Gitau
18th January 2023	1. Peter Mositet 2. Pius Macharia 3. Joseph Kamau 4. Eng. Benjamin Njenga 5. Eng. Francis Gitau 6. Mr. Festus Marangu
25th May 2023	1. Peter Mositet 2. Pius Macharia 3. Wilson Mburu Kang'ethe 4. Nathanael Nganga

	5. Eng. Benjamin Njenga 6. Eng. Francis Gitau
30th June 2023	1. Peter Mositet 2. Pius Macharia 3. Wilson Mburu Kang'ethe 4. Patrick Mbogo 5. Francis Gitau 6. Eng. Benjamin Njenga 7. Nathanael Nganga

BOARD CHARTER

The Authority's Board of Directors Charter defends the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance.

The Charter helps the Board in directing the organization to maximize the long-term value of services provided for all stakeholders. It is therefore imperative for Board members to understand their individual and collective roles with the purpose of helping the organization fulfil its mandate.

The Charter has been adopted by the organization, acting in accordance with Mwongozo, Code of Governance for State Corporations, and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations. In particular, the principles and policies contained in the charter are in addition to and are not intended to change or interpret any statute, law or regulation.

The Board of Directors will review the Charter at least annually and, if appropriate, revise this Charter from time to time.
The Authority has an approved board charter dated 28th April 2020.

BOARD APPOINTMENTS & REMOVAL

A. Appointment of Board members

i. The relevant appointing authority shall select and appoint Board members. Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Board member:

(a) Serves the appointing authority with a written notice of resignation; or

(b) Is absent, without the permission of the Chairperson, form three consecutive meetings: or

(c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or

(d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or

(e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

ii. Any removal of a Board member under (i) above, shall be through formal revocation.

iii. The Corporation Secretary will ensure that a record of the appointment letter, gazette notice and written acceptance by the Board member are kept in the personal file of the Board member.

B. Term Limits

Board members shall hold office for a period not exceeding three (3) years and are eligible for reappointment for one more term not exceeding three (3) years. A Board member may be appointed for a cumulative term not exceeding six (6) years. The renewal of a Board Member's tenure for a second term should be subject to an acceptable evaluation as determined during Board evaluation.

The appointing authority shall ensure staggering of Board appointments so that the respective expiry dates of the members terms fall at different time to ensure continuity.

C. Resignation from the Board

A Board member may resign at any time by giving notice, in writing, to the appointing authority, copies to the Chairperson of the Board and the Director General of the Authority. The resignation shall take effect upon receipt of notice by the appointing authority or at any later time specified therein; and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective

INDUCTION AND TRAINING

The Authority provides new Board members with an effective induction programme in order to familiarize them with their responsibilities as directors, general principles of corporate governance and Board practices. The induction programme also provides the Board member with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics.

The Board ensures that a competence needs assessment is carried out periodically and an annual development plan is prepared to address identified gaps. In this regard, Board members are provided with access to, or notice of, continuing development programs that

are designed to keep members abreast of the latest developments in sector best practice, corporate governance and critical issues relating to the operation of public sector boards.
A Board Induction Retreat was conducted from 25th – 27th January 2023.In addition, following the letter dated 23rd March 2023 and referenced OPCS/SCAC 9/128 Vol. IV/ (212) from the Prime Cabinet Secretary, the Authority has registered Board Members to attend the induction exercise at Lake Naivasha Resort on various cohorts. The board members who attended the induction exercise were as follows:

	Full Name (s)	Cohort/Date
1.	Mr. Patrick Mbogo	Cohort 3: 20th – 22nd April 2023;
2.	Mr. Nathanael Nganga	Cohort 3: 20th – 22nd April 2023;
3.	Mr. Pius Macharia	Cohort 2: 17th – 19th April 2023;

BOARD AND MEMBER PERFORMANCE

The Board conducts an annual evaluation to appraise its performance. This evaluation be carried out in accordance with the Board Evaluation Tool.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board also evaluates the performance of the CEO and Corporation Secretary. The Board undertook a Board Self Evaluation Exercise for the FY 2022/2023 on 11th August 2023 with the support of the State Corporations Advisory Committee and in accordance with the Head of Public Service Circular No. OP/CAB.9/1A dated 11th March 2020.

CONFLICT OF INTEREST

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a Board member who identified an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Corporation Secretary records conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when

circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

BOARD REMUNERATION

Board members are remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

ETHICS & CONDUCT

In line with Section 3 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, the Board of Directors shall respect the values, principles and the requirements of the Constitution, including: -

1. The national values and principles provided for under Article 10 of the Constitution.
2. The rights and fundamental freedoms provided for under Chapter Four of the Constitution.
3. The responsibilities of leadership provided for under Article 73 of the Constitution.
4. The principles governing the conduct of State officers provided for under Article 99 (1) (b) and 193 (1) (b) of the Constitution.
5. The educational, ethical and moral requirements in accordance with Article 99 (1) (b) and 193 (1) (b) of the Constitution.
6. In the case of County Governments, the objectives of devolution provided for under Article 174 of the Constitution; and
7. The values and principles of Public Service as provided for under Article 232 of the Constitution.

GOVERNANCE AUDIT

The Board ensures that a governance audit of the organization is undertaken on an annual basis. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance. The governance audit should cover the following parameters among others: -

a. Leadership and strategic management,
b. Transparency and disclosure.
c. Compliance with Laws and regulations.
d. Communication with stakeholders.
e. Board independence and governance.
f. Board systems and procedures.
g. Consistent shareholder and stakeholders' value enhancement; and
h. Corporate social responsibility and investment.

The Authority did not conduct a governance audit in the FY 2022/2023 because of lack of funds due to austerity measures undertaken by the National Treasury.

9. MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance of the Authority.

I. Capacity Building for Public Transport Sector in the Nairobi Metropolitan Area

For an effective and efficient public transport operations systems: the Directorate of Public Transport Operations & Management has several ongoing programs that look into building capacity for the Authority and the industry in readiness for the BRT operations. The programs include;

a) JICA Project For Capacity Building for Bus Operation Policy and Management – to improve the service level of public bus transport in Nairobi by strengthening the management system of administrative agencies and improving the capacity of bus operators

b) TOD Urban Design and Land Use Management Plan for BRT Line 3, Nairobi – NaMATA aims to implement Transit-Oriented Development (TOD) along BRT Line 3 corridor in Nairobi. Transit-Oriented Development (TOD) is a spatial arrangement along transport corridors increase public ridership by promoting high-density, mixed-use development and improved pedestrian access around transit stations and along transit corridors. TOD provides pedestrian-friendly infrastructure and amenities, convenient commercial uses, and well designed and functional civic and public spaces to create a vibrant urban corridor supporting mass public transit.

c) NaMATA-DIME Data Analytics - The World Bank's Development Impact Evaluation (DIME) Department is collaborating with the Delegation of the European Union to the Republic of Kenya under the World Bank DIME-INTPA D4 Partnership in Kenya. As a part of the collaboration, DIME will be providing support to the Nairobi Metropolitan Area Transport Authority (NAMATA) under the Green Public Transport Programme (GPTP)

d) Technical Assistance for improvement of Nairobi's public transport, Financed by AFD and implemented by CODATU - The cooperation, officially started in December 2021 to provide support through capacity building and training activities, study tours in France and other African cities, targeted advice, and peer-to-peer exchanges.

   i. Industry transition – Sensitization of Public Transport Sector and formalizing the Operators to form a Bus Operating Company

   ii. TOD Urban Design and Land Use Management Plan for BRT Line 3,

Nairobi – was successfully delivered from 1st -2nd August 2023, sponsored by the EU Institutional Support for the Kenyan Transport Sector (ISKTS), implemented through NTU International A/S.

The Workshop facilitated public participation and peer review of the work by experts and stakeholders to assess and provide input on the TOD Urban Design and Land Use Management Plan for the proposed BRT Line 3. The participants were able to:

i. Evaluate the degree to which the proposed Urban Design and Land Use Management Plan conform to TOD principles and identify gaps and opportunities for TOD development.
ii. Provide suggestions for improvement of the report, including advice on possible ways NaMATA can implement TOD along BRT corridors in Nairobi.

e) NaMATA-DIME Data Analytics

The goal of the collaboration is to improve data ecosystems for NAMATA and Team Europe to assess the impacts of expanding green public transport systems, specifically the East-West electric Bus Rapid Transit (BRT) service as part of the 5 lines BRT system in Nairobi. The partnership also involves exploring existing data to establish baseline information and discuss potential future research in collaboration with NAMATA and Team Europe.

DIME will be building capacity in NAMATA to use data analytics, including remote sensing and algorithms, to study the effects of BRT construction and roll out on congestion, road crashes, and other transit and mobility measures.

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile of the Authority -

	Sustainable Development Goals (SDG)	**Role of NaMATA**
1.	No Poverty	- Reduction of cost of transport - Increase of accessibility of resources and services
2.	Decent work and economic growth	- Increased productivity as a result of effective public transport system - Strategic location of NMA as regional business and transit hub
3.	Industry innovation and infrastructure	- Introduction of mass rapid transit, sustainable public transport and innovation
4.	Sustainable cities and communities	- Provision of effective, efficient and sustainable public transport to ever increasing urban population
5.	Climate Action	- By Provision of effective mass transportation leading to reduction of carbon emission - Usage of friendly fuel (euro 4) - Promotion of non-motorized transport

2. Environmental performance

The Following is the Authority's environmental sustainability policy:

1. Environmental sustainability	To improve quality of life	- Enhance traffic management
		- Modal Substitution
		- Fare Controls
	To protect the environment	- Reduce Greenhouse Gas Emissions and air pollution
		- Increasing green corridors

3. Employee welfare

The following is the Authority's hiring policy:

Institutional Capacity	To attract and retain competent human capital	- Establish an optimal staffing level
		- Talent Acquisition
		- Human Resource Development
		- Performance Management
		- Establish staff benefits and welfare programs
		- Establish Conducive work environment
	To improve ICT service delivery.	- Enhance Utilization of ICT
		- Increase level of access to information
		- Enhance cyber security
	Entrench Corporate Governance	- Promote good Governance
		- Compliance with legal and regulatory framework
		- Enhancing NaMATA corporate image and visibility

4. Market place practices-

The following are the Authority's guiding values in the market place:

Core Values	Description	Strategic Responses
1.0 Integrity	1.1 The Authority is committed to acting with honesty, fairness, accountability and transparency in all our operations	1.1.1 Sensitize staff on ethics and integrity issues 1.1.2 Implement public service integrity programs
2.0 Customer centric	2.1 The Authority is committed to meeting our stakeholder requirements to their satisfaction by ensuring effective and efficient use of resources. We shall also be committed to continual	2.1.1 Develop service charter 2.1.2 Establish customer care desks 2.1.3 Undertake customer satisfaction surveys and implement recommendations 2.1.4 Seek ISO certification

Core Values	Description	Strategic Responses
	improvement of our products and processes.	
3.0 Innovative	3.1 The Authority endeavours to develop new products and services for our clients through continual learning and improvement	3.1.1 Benchmarking 3.1.2 Establish innovation hubs
4.0 Inclusivity	4.1 The Authority embraces diversity and promotes inclusiveness in the organization and does not discriminate on the basis of age, gender, race, religion, tribe or physical ability.	4.1.1 Become equal opportunity employer
5.0 Teamwork	5.1 The Authority promote s, respects unity of purpose among staff	5.1.1 Cultivate open communication 5.1.2 Clearly outline roles and responsibilities 5.1.3 Organize team processes 5.1.4 Allow team members to take part in decision-making 5.1.5 Mediate conflict quickly and efficiently 5.1.6 Recognize good work

5. Community Engagements

S. NO	MEETING	DATE	ATTENDANCE
1.	Transit Oriented Development (TOD) Land Use Management System for Clean Core Bus Rapid Transit Line 3.	23rd June 2022	Transportation Experts/Practitioners/ Stakeholders NTU Technical Staff Supporting Tod Strategy NaMATA Technical Staff Supporting Tod Strategy MoRT (Ministry of Roads & Transport) Technical Staff
2.	Partners Coordination Workshop Development of Mass Rapid Transit System (MRTS) In the Nairobi Metropolitan Area (NMA)	29th November 2022	Road Agencies NMA Counties Service Providers Consultants NTU State Agencies NaMATA Staff FPTS
3.	Discussion Between LaMATA and NaMATA on BRT Operation Contracts	20th January 2023	NaMATA and LaMotte Staff
4.	1st Joint Coordination Committee Meeting for The Project for Capacity Building for Bus Operation Policy and Management in Nairobi Metropolitan Area Held at Sarova Panafric Nairobi	2nd February 2023	Transportation Experts/Practitioners/ Stakeholders NTU Technical Staff Supporting Tod Strategy NaMATA Technical Staff Supporting TOD Strategy MoRT Technical Staff
5.	Capacity Building for Public Transport in The Nairobi Metropolitan Area Module: Transport Planning Training Workshop	Monday 27, March - Thursday, 30, March 2023.	NTU, CODATU, NAMATA, AFD, KRC, NATIONAL TREASURY, MoRT, NCC, NTSA, KURA, ITDP

6.	Second Meeting of The Joint Coordinating Committee (Hereinafter Referred to as "JCC") Was Held at Railway Training Institute	27 TH JUNE 2023.	Transportation Experts/Practitioners/ Stakeholders NTU Technical Staff Supporting TOD Strategy Federation of Public Transport Sector NaMATA Technical Staff Supporting TOD Strategy MoRT Technical Staff
7.	Gender and Vulnerable People Mainstreaming	25th July 2023.	Transportation Experts/Practitioners/ Stakeholders NaMATA Technical Staff NTU Technical Support Staff State Department of Transport State Department of Roads
8.	Sustainable Administrative Management System for Public Transport Services	Thursday, 31st August, 2023	Transportation Experts/Practitioners/ Stakeholders NaMATA Technical Staff NTU Technical Support Staff State Department of Transport State Department of Roads.

11. Report of the Directors

The Directors submit their report together with the financial statements for the year ended June 30th, 2023 which show the state of the Authority's affairs.

Principal activities

The principal activities of the entity are and continue to be:

- Develop a sustainable integrated public transport strategy for the Metropolitan Area;
- Develop a sustainable urban mobility plan for the Metropolitan Area derived from the strategy;
- Formulate and oversee the development of a sustainable, evidentially based, Integrated Mass Rapid Transit System Strategy;
- Plan, regulate and co-ordinate the supply of adequate and effective Mass Rapid Transit System;
- Formulate and implement programmes and policies for the overall improvement of public transportation systems within the Metropolitan Area;
- Provide an enabling environment for orderly and structured development of the mass transit system, including both bus rapid transit and commuter rail within the Metropolitan Area;
- Coordinate with other government agencies and other parties for the development and operation of transport infrastructure, facilities and works necessary for the discharge of the functions of the Authority;
- Develop an inventory and undertake continuous evaluation of the declared road network status within the Metropolitan Area;
- Formulate strategies to ensure overall improvement in traffic flow, planned and programmed traffic engineering and traffic management works within the Metropolitan Area;
- Ensure optimal utilisation of intermodal means of transport including air, road, rail and non-motorised transport and any other modes targeting mass movement within the Metropolitan Area;
- Assist in poverty alleviation by increasing economic efficiency through lower transport costs and prices within the Metropolitan Area;
- improve the environmental sustainability of the transport system in the Metropolitan Area;
- Facilitate the integration of transport and land use planning in the Metropolitan Area;
- Make better use of existing road space for all modes and reduce the need for the construction new roads within the Metropolitan Area;
- Regulate both on street and off-street parking on declared corridors and impose fees and penalties with respect thereto;

- Conduct studies and research for, amongst other things, identification of the Mass Rapid Transit System routes, corridors, network and service levels;
- Develop appropriate and sustainable funding mechanisms in order to achieve the objectives of the Authority; and
- Perform the any other functions vested upon the Authority under the Nairobi Metropolitan Area Transport Authority Order.

Directors

The members of the Board of Directors who served during the year are shown on page vii. During the year Mr. Wilson Kang'ethe (CEC in charge of Transport, Murang'a) was replaced by Eng. Samuel Mugo, Mr. Patrick Mbogo (CEC in charge of Transport, Nairobi) was replaced by Mr. Brian Mulama. Mr. Micheal Semera was appointed as CEC in charge of Transport, Kajiado and joined the NaMATA Board.

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2023 Nil) and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the *Nairobi Metropolitan Area Transport Authority (NAMATA)* in accordance with Article 229 of the Constitution of Kenya.

By Order of the Board.

Corporation Secretary
Nairobi

Date 29/9/2023

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Order 18 of the Nairobi Metropolitan Area Transport Authority which require the Directors to prepare financial statements in respect of NAMATA, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of for FY 2022/2023. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the NAMATA's financial statements, which give a true and fair view of the state of affairs of NAMATA for and as at the end of the financial year (period) ended on June 30, 2023. 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of NAMATA; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for NAMATA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 the Nairobi Metropolitan Area Transport Authority Order, 2017. The Directors are of the opinion that NAMATA's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30, 2023, and of its financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for NAMATA, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The NAMATA financial statements were approved by the Board on 29·09· 2023 and signed on its behalf by:

.....
Chairperson of the Board

.....
Ag. Director General

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

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.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nairobi Metropolitan Area Transport Authority set out on pages 1 to 50, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nairobi Metropolitan Area Transport Authority as at 30 June, 2023, 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 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 Metropolitan Area Transport Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Long Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.2,198,292,930 which includes payables amounting to Kshs.1,943,198,298 or 88% of the payables that has been outstanding for a period between 1 and 2 years. These payables relate to the contractor who designed and built the Bus Rapid Transit (BRT) facilities on Thika Super Highway corridor. The Authority did not provide reasons for the non - payment of the dues. Failure to settle bills in the year to which they relate adversely affects the following year's provision to which they form the first charge.

My opinion is however, not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Basis for Qualified Opinion and under Report on Lawfulness and Effectiveness in Use of Public Resources. These issues remained unresolved contrary to the provisions of Section 149(2)(1) of the Public Finance Management Act, 2012 which require the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unapproved Expenditure

Management did not provide approvals for reallocation of funds from The National Treasury contrary to Regulation 44 (2) of the Public Finance Management (National Government) Regulations, 2015 which provides that National Government entities shall execute their approved budgets based on the annual appropriation legislation, and the approved annual cash flow plan.

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

2. Stalled Implementation of Bus Rapid Transport (BRT) Line 2 Project

As previously reported, the Authority Management awarded a contract for the design and building of the twenty-seven (27) kilometres Bus Rapid Transit Line 2 on the Thika Superhighway Corridor from Ruiru to Kenyatta National Hospital on 6 July, 2020 to a local firm at a contract sum of Kshs.5,575,071,799. The contract commenced on 4 August, 2020 for a period of 18 months with an original completion date of 4 February, 2022 which was then extended to 15 September, 2023.

As of January, 2023, the total certified works amounted to Kshs.2,913,685,946 representing 52% of the contract sum out of which the contractor had been paid a total of Kshs.1,001,876,795 or 34% of the certified amount. Due to the delays in payment for certified works the contractor abandoned works at all the sites for almost one year which resulted in the project falling behind schedule. Further, review of project records and physical verification of the project revealed the following anomalies;

i. The project was to have three elevated U-turn ramps interchanges at Ruiru, Githurai and Kenyatta National Hospital. Although, the Authority developed bills of quantities and awarded the works, acquisition of land for the proposed sites for the ramps was not complete and no work had commenced on the three interchanges and U-turn ramps.

ii. The project was to have modification on the existing ten footbridges. However, as at 1 March, 2023 the works had only began on five footbridges with completion status being below 20% on each of the five footbridges.

iii. No project status report was prepared in line with the project scope of works as detailed in the contract document.

Review of the project file during audit for 2022/2023 carried out in the month of December, 2023 revealed that the project had stalled with works in progress of amounting to Kshs.3,099,238,164 in respect of design and construction of the Bus Rapid Transit (BRT) facilities. Payments for certified works were delayed resulting to suspension of the works from 11 January, 2022. The firms raised Interim Payment Certificate (IPC) No. 05A being interest on delayed payments of Kshs.754,503,479 as disclosed under contingent liabilities.

Further, there was no budgetary allocation for the project during the year under review, despite the fact that most of its certificates had not been fully settled. Delayed payment of certified works continues to attract more interests resulting to loss of public funds.

In the circumstances, the project risks incurring additional costs in the form of interests and penalties due failure to settle invoiced bills while value for money on resources already incurred on the project could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Automate Operations

Review of the Authority's operations and record keeping revealed that financial and accounting records are managed and maintained manually. Financial reports, ledgers, trial balance, budgets and financial statements were prepared manually which makes them prone to errors and manipulation.

In the circumstances, the effectiveness of the operating environment in ensuring the accuracy and security of the records could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to liquidate the Authority or to cease operations.

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

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

Those charged with authority are responsible for overseeing the Authority'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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 January, 2024

14. Statement of Financial Performance for the year ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	83,200,000	780,000,000
		83,200,000	**780,000,000**
Revenue from exchange transactions			
Other income		0.00	0.00
Total revenue		**83,200,000**	**780,000,000**
Expenses			
Use of goods and services	7	91,510,547	74,975,748
Employee costs	8	59,670,300	23,542,883
Board Expenses	9	9,285,560	7,258,300
Depreciation and amortization expense	10	19,000,270	12,075,117
Repairs and maintenance	11	5,197,420	5,397,181
Total expenses		**184,664,097**	**123,249,229**
Surplus/ (deficit) for the period/year		**(101,464,097)**	**656,750,772**

The notes set out on pages 7 to 38 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

.....	.....	.....
Name: Eng. Francis Gitau	**Name: CPA. Brian Kiptoo**	**Name: Peter K. Mositet**
Accounting Officer	**Head of Finance & Accounts**	**Chairman of the Board**
	ICPAK M/No: 27647	
Date 29.09.23	**Date** 29.09.2023	**Date** 29.09.2023

15 Statement of Financial Position as at 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	87,969	4,580,513
Receivables from Non-Exchange Transactions	13	-	24,374,641
Inventories	14	31,285,086	37,225,420
Total Current Assets		**31,285,086**	**66,180,574**
Non-Current Assets			
Property, Plant and Equipment	15	3,133,990,497	3,123,150,747
Intangible Assets	16	6,418,182	8,557,576
Total Non- Current Assets		**3,140,408,679**	**3,131,708,323**
Total Assets		**3,171,781,720**	**3,197,888,897**
Liabilities			
Current Liabilities			
Trade and Other Payables	17	2,198,292,930	2,122,936,010
Total Current Liabilities		**2,198,292,930**	**2,122,936,010**
Non-Current Liabilities			
Non-Current Employee Benefit Obligation		0.00	0.00
Total Non- Current Liabilities		**0.00**	**0.00**
Total Liabilities		**2,198,292,930**	**2,122,936,010**
Net Assets		**973,488,790**	**1,074,952,886**
Reserves			0.00
Accumulated Surplus		973,488,790	1,074,952,886
Capital Fund		0.00	0.00
Total Net Assets and Liabilities		**973,488,790**	**1,074,952,886**

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

.....	.....	.....
Name: Eng. Francis Gitau	**Name: CPA. Brian Kiptoo**	**Name: Peter K. Mositet**
Accounting Officer	**Head of Finance & Accounts**	**Chairman of the Board**
	ICPAK M/No: 27647	
Date..29.09.23	**Date**..29.09.2023	**Date**..29.09.2023

16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2021	**0.00**	**0.0**	**0.00**	**418,202,115**	**418,202,115**
Revaluation gain	-	-	-	-	0.00
Surplus/ deficit for the year	-	-	-	656,750,772	656,750,772
As at June 30, 2022	**0.00**	**0.00**	**0.00**	**1,074,952,887**	**1,074,952,887**
As at July 1, 2022	**0.00**	**0.00**	**0.00**	**1,074,952,887**	**1,074,952,887**
Surplus/ (deficit) for the year	-	-	-	(101,464,097)	(101,464,097)
As at June 30, 2023	**0.00**	**0.00**	**0.00**	**973,488,791**	**973,488,790**

17. Statement of Cash Flows for the year ended 30 June 2023

	Notes	2022-2023 Kshs	2021-2022 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	83,200,000	780,000,000
Other income		0.00	0.00
Total receipts		**83,200,000**	**780,000,000**
Payments			
Use of goods and services	7	91,510,546	74,975,748
Employee costs	8	59,670,300	23,542,883
Board Expenses	9	9,285,560	7,258,300
Repairs and maintenance	11	5,197,420	5,397,181
Total payments		**165,663,826**	**111,174,112**
Adjustments for Working Capital	18	105,671,895	1,838,116,540
Net cash flows from/ (used in) operating activities	18	**23,208,069**	**2,506,942,428**
Cash flows from investing activities			
Purchase of PPE and Intangible assets	15	(27,700,612)	(2,491,693,105)
Purchase of Intangible assets	16	0.00	(10,696,970)
Net cash flows from/ (used in) investing activities		**(27,700,612)**	**(2,502,390,075)**
Cash flows from financing activities			
Proceeds from borrowings		0.00	0.00
Repayment of borrowings		(0.00)	(0.00)
Net cash flows from financing Activities		**0.00**	**0.00**
Net increase/(decrease) in cash & Cash equivalents		**(4,492,544)**	4,552,353
Cash and cash equivalents at 1 July 2022	12	4,580,513	28,160
Cash and cash equivalents at 30 June 2023	12	**87,969**	**4,580,513**

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Performance difference
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=E/C
Government grants and subsidies	1,140,000,000	- 1,056,800,000	83,200,000	83,200,000	-	0
Other Income						
Total income	**1,140,000,000**	**- 1,056,800,000**	**83,200,000**	**83,200,000**	**-**	0
Recurrent Expenses						
Use of goods and Services	45,700,000	- 6,800,000	38,900,000	91,510,547	(52,610,547)	-135%
Employee Cost	37,200,000	-	37,200,000	59,670,300	(22,470,300)	-60%
Board Expenses	7,000,000	-	7,000,000	9,285,560	(2,285,560)	-33%
Repairs and Maintenance	100,000	-	100,000	5,197,420	(5,097,420)	-5097%
Total Recurrent expenditure	**90,000,000**	**- 6,800,000**	**83,200,000**	**165,663,827**	**(82,463,828)**	-99%
Operating Surplus (Deficit) for the year	**1,050,000,000**	**- 1,050,000,000**	**-**	**(82,463,826)**	**(82,463,827)**	
Capital Expenditure						
Acquisition of PPE	1,050,000,000	- 1,050,000,000	-	27,700,612	(27,700,612)	(100%)
Total Capital Expenditure	**1,050,000,000**	**- 1,050,000,000**	**-**	**(27,700,612)**	**(27,700,612)**	(100%)
Net Expenditure	**1,140,000,000**	**- 1,056,800,000**	**83,200,000**	**211,562,853**	**(110,164,438)**	
Surplus/(Deficit) for the Year	**-**	**-**	**-**	**(110,164,438)**	**110,164,438**	

Budget notes

Explanation of material variances (10% over/under) IPSAS 24.14

Explanation of changes between original and final budget IPSAS 24.29

1. The total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis. See the reconciliation below.

Reconciliation of Comparison of Budget to the statement of financial Performance.			**Amount**
Surplus (Deficit) as per statement of Comparison of Budget & Actual Amounts			(110,164,439)
Add: Capital Expenditure -Acquisition of PPE			27,700,612
Less: Depreciation			(19,000,270)
Deficit as per Statement Of Financial Performance			**(101,464,097)**

2. There was over-expenditure on use of goods and services due to unforeseen budget cuts by the executive to the tune of Kshs 6,800,000. The over-expenditure on employee cost and board expenses was due to employment of substantive office holders and induction of new board members respectively. While that of repairs and maintenance was as a result of moving Cianda to NHC necessitating unforeseen repair works.

3. Over spending of acquisition of PPE was as a result of significant budget cuts by the executive after engagement of suppliers.

19. Notes to the Financial Statements

1. General Information

The Nairobi Metropolitan Area Transport Authority (NaMATA) is established by and derives its authority and accountability from Nairobi Metropolitan Area Transport Authority Order, 2017. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is panning, managing and regulating Mass Rapid Transit Systems in Kenya.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act, the Nairobi Metropolitan Area Transport Authority order, 2017 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Authority.

Standard	Effective date and impact:
	(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Authority's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits.* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement.** Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.***

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** 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 Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, 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: 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.

iii. ***Early adoption of standards***

The Authority did not early – adopt any new or amended standards in the financial year 2022-2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

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 Authority 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 has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Authority's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the 2022-2023 was approved by the National Assembly on May 2022. 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 Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded a reduction in appropriations of Kshs 1,056,800,000 on the 2022-2023 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The Authority'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 a 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 performance has been presented under section 18 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Authority operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30 - year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) 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 of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority 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.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts less their residual values over their estimated useful lives, as follows:

	Rate (%)
Furniture & Fittings	25%
Computers & Other ICT Equipment	25%
Office Equipment	12.5%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of financial performance. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to accumulated surplus.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. 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 Authority 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 so as to achieve a constant rate of interest on the remaining

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) 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 Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Authority 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.

a) Financial assets

Classification of financial assets

The Authority 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 Authority'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 entity has made irrevocable election at initial recognition for particular investments in equity instruments.

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,

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

if there is no reasonable certainty that the Authority 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.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) 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 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.

h) Research and development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority can demonstrate:

i) The technical feasibility of completing the asset so that the asset will be available for use or sale.

ii) Its intention to complete and its ability to use or sell the asset.

iii) How the asset will generate future economic benefits or service potential

iv) The availability of resources to complete the asset.

v) 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.

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the Authority 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.

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.

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.

Summary of Significant Accounting Policies (Continued)

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 Authority 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.

Impairment

The Authority 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 Authority recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

b) Financial liabilities

Classification

The Authority classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

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:

i) Raw materials: purchase cost using the weighted average cost method.
ii) 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 Authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognized when the Authority 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 Authority 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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Authority recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Authority will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

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

n) Contingent assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The Authority does not create nor maintain reserves in terms of specific requirements.

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

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

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) 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.

t) Related parties

The Authority 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 Authority, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

u) Service concession arrangements

The Authority analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority 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 asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Cash and cash equivalents

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

w) Comparative figures

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

x) 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, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the 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 Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

a) The condition of the asset based on the assessment of experts employed by the Authority.
b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
c) The nature of the processes in which the asset is deployed.
d) Availability of funding to replace the asset.
e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

Notes to the Financial Statements (Continued)

6. Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Authority Sending The Grant	Amount recognized to Statement of Financial performance. ' Kshs	Amount deferred under deferred income. Kshs	Amount recognised in capital fund. Kshs	Total transfers 2022-2023 Kshs	Total transfers 2021-2022 Kshs
State Department for Housing & Urban Development	83,200,000	0.00	0.00	83,200,000	780,000,000
State Department for Public Works	0.00	0.00	0.00	0.00	0.00
Total	**83,200,000**	**0.00**	**0.00**	**83,200,000**	**780,000,000**

7. Use of Goods and Services

Description	2022-2023 Kshs	2021-2022 Kshs
Communication, supplies and services	2,881,450	1,747,799
Domestic travel and subsistence	2,923,700	30,905,076
Foreign travel and subsistence	1,001,215	4,336,714
Printing, advertising and information supplies & services	7,446,634	9,586,507
Rentals Expenses	19,047,618	98,400
Training expenses	1,139,244	505,300
Hospitality supplies and services	2,242,949	11,053,210
Specialised Services and Supplies	1,550,000	-
Office general supplies and services	33,434,630	13,346,510
Fuel Oil and Lubricants	51,000	25,000
Bank service commission and Charges	96,061	46,043
Contracted guards and cleaning services	1,477,554	1,980,189
Membership Fees, Dues and Subscriptions	21,360	15,000
Legal dues/Fees, Arbitration and compensation	0	130,000
Audit Fees	400,000	1,200,000
Seminars, Conference, Workshops	16,406,800	-
Postage	18,900	-
Staff Welfare	64,970	-
Advertisement, promotion & Publicity	1,306,461	
Total	**91,510,546**	**74,975,748**

Notes to the Financial Statements (Continued)

8. Employee Costs

Description	2022-2023 Kshs	2021-2022 Kshs
Salaries and wages	38,649,394	1,954,000
Employer contribution to health insurance schemes	-	-
Employer contribution to pension schemes	1,039,926	-
Housing benefits and allowances	15,782,319	21,588,883
Social contributions	397,280	-
Gratuity	3,779,831	-
Other employee related costs (NITA)	21,550	-
Total Employee costs	**59,670,300**	**23,542,883**

9. Board Expenses

Description	2022-2023 Kshs	2021-2022 Kshs
Chairman/Directors' Honoraria	960,000	1,440,000
Sitting Allowances	3,040,000	5,440,000
Medical Insurance	-	-
Induction and Training	1,787,460	378,300
Travel and Accommodation	3,498,100	0
Other Allowances		
Total	**9,285,560**	**7,258,300**

(The increase was due to board induction retreat and training.)

10. Depreciation and Amortization Expense

Description	2022-2023 Kshs	2021-2022 Kshs
Property, plant and equipment*	16,860,880	9,935,723
Intangible assets	2,139,394	2,139,394
Total depreciation and amortization	**19,000,274**	**12,075,117**

**The increase in depreciation of property, plant & Equipment is as a result acquisition of new assets including but not limited to the partitioning of the new office.*

Notes to the Financial Statements (Continued)

11. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Maintenance of office Furniture and equipment	5,197,420	4,535,849
Maintenance of building & stations	-	861,332
Total Repairs and Maintenance	**5,197,420**	**5,397,181**

Increase in maintenance of office furniture & equipment is as a result of refurbishment of the office space occasioned by the shift to the new office location.

12. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	87,969	4,580,513
Others (Specify)	0.00	0.00
Total Cash and Cash Equivalents	**87,969**	**4,580,513**

(The amount should agree with the closing and opening balances as included in the statement of cash flows. List all bank accounts. Provide brief explanation on cash variations compared to the previous year)

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1241411352	87,969	4,580,513
Equity Bank, etc.		0.00	0.00
Sub- Total		**87,969**	**4,580,513**
b) Others (Specify)		0.00	0.00
Cash In Hand		0.00	0.00
Mobile Money Accounts		0.00	0.00
Sub- Total		**0.00**	**0.00**
Grand Total		**87,969**	**4,580,513**

Notes to the Financial Statements (Continued)

13. Receivables from Non-Exchange Transactions

Description	2022-2023 Kshs	2021-2022 Kshs
Outstanding Imprest	0.00	0.00
Total receivables from non- exchange transactions	**0.00**	**0.00**
Prior Year Adjustment	**0.00**	**24,374,641**
Total	**0.00**	**24,374,641**

Ageing Analysis- Receivables from non-exchange transactions	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	0.00	%	0.00	%
Between 1-2 years	0.00	%	**24,374,641**	100%
Over 3 years	0.00	%	0.00	%
Total	0.00	%	**24,374,641**	100%

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2022-2023 Kshs	2021-2022 Kshs
At the beginning of the year	24,374,641	0.00
Additional provisions during the year	0.00	24,374,641
Recovered during the year	24,374,641	(0.00)
Written off during the year	(0.00)	(0.00)
At the end of the year	**0.00**	**24,374,641**

14. Inventories

Description	2022-2023 Kshs	2021-2022 Kshs
Consumable stores	31,285,086	37,225,420
Total inventories at the lower of cost and net realizable value	**31,285,086**	**37,225,420**

Reduction in inventory was as a result of consumption during the year.

15. (a) Property, Plant and Equipment

Cost	Furniture and fittings	Computers	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs
As At 1July 2021	15,658,500	7,919,840	400,000,000	423,578,340
Additions	3,270,420	12,894,130	2,475,528,555	2,491,693,105
Disposals	**0**	**0**	**0**	**0**
Transfers/Adjustments	0	(0.00)	223,709,609	223,709,609
As at 30th June 2022	**18,928,920**	**20,813,970**	**3,099,238,164**	**3,138,981,054**
Additions	24,430,937	3,269,675	0.00	**27,700,612**
Disposals	0.00	0.00	0.00	0.00
Transfer/Adjustments	0.00	0.00	0.00	0.00
As at 30th June 2023	**43,359,857**	**24,083,645**	**3,099,238,164**	**3,166,681,667**
Depreciation and Impairment				
At 1July 2021	3,914,625	1,979,960	**(0.00)**	**5,894,585**
Depreciation	4,732,230	5,203,493	(0.00)	**9,935,723**
Impairment	0	0		**(0.00)**
Transfers/ Adjustments	0.00	(0.00)	0.00	**(0.00)**
As At 30th June 2022	**8,646,855**	**7,183,453**	**0.00**	**15,830,308**
Depreciation	10,839,964	6,020,911	(0.00)	**16,860,876**
Disposals	-	-	0.00	**0.00**
Impairment	-	-	-	**(0.00)**

Cost	Furniture and fittings	Computers	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	(0.00)	0.00	(0.00)	**0.00**
As at 30th June 2023	**19,486,819**	**13,204,364**	**0.00**	**32,691,183**
Net Book Values				
As at 30th June 2022	**10,282,065**	**13,630,518**	**3,099,238,164**	**3,123,150,747**
As at 30th June 2023	**23,873,038**	**10,879,295**	**3,099,238,164**	**3,133,990,497**

(Capital work in progress include the five interim payment certificates that has been certified for construction of BRT line two along Thika Super Highway Corridor.)

15 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0.00	0.00	0.00
Buildings	0.00	0.00	0.00
Work in progress	**3,099,238,164**	0.00	3,099,238,164
Motor Vehicles, Including Motorcycles	0.00	0.00	0.00
Computers And Related Equipment	**24,083,645**	**13,204,364**	10,879,295
Office Equipment, Furniture, And Fittings	**43,359,857**	**19,486,819**	23,873,038
Total	**3,166,681,666**	**32,691,183**	**3,133,990,497**

16. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	10,696,970	0.00
Additions	0.00	10,696,970
At end of the year	**10,696,970**	**10,696,970**
Additions–internal development	0.00	0.00
At end of the year	0.00	0.00
Amortization and impairment		
At beginning of the year	2,139,394	0.00
Amortization	2,139,394	2,139,394
At end of the year	**4,278,788**	**2,139,394**
Impairment loss	0.00	0.00
At end of the year	0.00	0.00
NBV	**6,418,182**	**8,557,576**

17. Trade and Other Payables

Description	2022-2023 Kshs	2021-2022 Kshs
Trade payables	2,062,561,268	1,849,277,119
Retention	134,131,662	48,749,282
Provision for Audit Fees	1,600,000	1,200,000
Prior Year adjustments	**0**	223,709,609
Total trade and other payables	**2,198,292,930**	**2,122,936,010**

Ageing analysis: (Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	255,094,632	11%	2,122,136,010	99.96%
1-2 years	1,943,198,298	89%	800,000.00	0.04%
2-3 years	0.00	%	0.00	%
Over 3 years	0.00	%	0.00	%
Total (tie to above total)	**2,198,292,930**	**100%**	**2,122,936,010**	**100%**

(Payables of over 1 -2 years relates to the contractor who designed and build the Bus Rapid Transits facilities on Thika Super Highway corridor)

Notes to the Financial Statements (Continued)

18. Cash Generated from Operations

Description	2022-2023 Kshs	2021-2022 Kshs
Surplus for the year before tax	**- 101,464,097**	**656,750,772**
Adjusted for:		
Depreciation	19,000,270	12,075,117
Non-cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Provision for audit fees	400,000.00	1,200,000.00
Contribution to impairment allowance	0	0
Surplus (Deficit) after adjustments	**-82,063,827**	**670,025,889**
Working capital adjustments		
Decrease in inventory	5,940,334	- 37,225,420
Decrease in receivables	24,374,641	490,200
Increase in payables	75,356,920	1,874,851,760
Net Changes in Working Capital	**105,671,895**	**1,838,116,540**
Net cash flow from operating activities	**23,608,068**	**2,508,142,428**

19. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance

of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

Notes to the Financial Statements (Continued)

ii) Liquidity risk management

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

iii) Market risk

The Authority has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Authority's exposure to market risks or the way it manages and measures the risk.

- not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Authority considers relevant and observable market prices in its valuations where possible.

20. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Notes to the Financial Statements (Continued)

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Authority, both domestic and external.

Notes to the Financial Statements (Continued)

Other related parties include:

i) The Ministry of Roads and Transport

ii) County Governments of Nairobi City, Kiambu, Kajiado, Murang'a and Machakos

iii) Key management.

iv) Board of directors.

Description	2022-2023 Kshs	2021-2022 Kshs
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	0.00	0.00
Others (specify) e.g., interest and bank charges	0.00	0.00
Total	**0.00**	**0.00**
B) purchases from related parties		
Rent expenses paid to govt agencies	0.00	0.00
Training and conference fees paid to govt. Agencies	0.00	0.00
Others (specify)	0.00	0.00
Total	**0.00**	**0.00**
b) Grants /transfers from the government		
Grants from national govt	83,200,000	780,000,000
Grants from county government	0.00	0.00
Donations in kind	0.00	0.00
Total	**0.00**	**0.00**
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for Ministry of Transport & Roads employees	0.00	0.00
Payments for goods and services for Ministry of Transport & Roads	0.00	0.00
Total		

21. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2022-2023 Kshs	2021-2022 Kshs
Contingent Assets		
Insurance Reimbursements	0.00	0.00
Assets Arising from Determination Of Court Cases	0.00	0.00
Reimbursable Indemnities and Guarantees	0.00	0.00
Receivables from Other Government Entities	0.00	0.00
Others (Specify)	0.00	0.00
Total	0.00	0.00

Contingent Liabilities

Description	2022-2023 Kshs	2021-2022 Kshs
Contingent Liabilities	0.00	0.00
Interest on delayed payment of Liabilities*	754,503,480	0.00
Kenya Revenue Authority**	11,552,245	0.00
Total	**766,055,725**	**0.00**

*(*As per the contract document for design & build project for the Bus Rapid Transit facilities on Thika road superhighway, delay of payment on a payment certificate would attract interest. During the year 2022-2023, the contractor sent a demand of Kshs 754,503,480 due to delayed payment. This is payable subject to evaluation and a successful negotiation with the contractor.*

***As per notice of assessment dated 13th July 2023 sent to the Authority by KRA, the Pay as you Earn was understated by Kshs 11,552,245. This amount is in dispute and can only be paid upon the resolution of the same.*

22. Capital Commitments

Capital Commitments	2022-2023 Kshs	2021-2022 Kshs
Stecol Corporation	2,121,736,011	1,873,651,760
Authorised and contracted for	0.00	0.00
Total	**2,121,736,011**	**1,873,651,760**

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing).

23. Events after the Reporting Period

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

24. Ultimate And Holding Entity

The Authority is a Semi- Autonomous Government Agency under the Ministry of Transport Infrastructure, public Works, Housing and Urban Development. Its ultimate parent is the Government of Kenya.

25. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
OAG/NRB2021-2022 QUALIFIED OPINION.NO 1	Property, Plant and Equipment- Reviewed records showed procurement of assets totalling to Kshs. 16,705,693 while additions in the PPE was Kshs. 16,164,550 resulting in a variance of Kshs. 541,143	The additions of Kshs. 541,143 related to consumables which did not qualify to be accounted under Property, Plant and Equipment as per Capitalization policy.	Resolved	
NO 2	Irregular Domestic Travel and Subsistence Expenditure Kshs. 7,443,400 and Kshs. 3,400,400 on facilitation of officers from the State Department of Housing and Urban Development and on a retreat of a Parliamentary Committee respectively being charged to the Authority's Books. Additionally, Kshs.	DSA's are paid out whenever there is an assignment outside the work station. During the financial year, there were many tasks outside Nairobi e.g., Budget preparation, Parliamentary Departmental Committees, Board and Management retreats. All these activities are geared towards implementation of NaMATA's mandate and officers attending these seminars or conferences must be	Not resolved	31st December 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	11,496,731 were paid to 2 officers on various dates and whose details on the nature of the activities undertaken were not provided.	facilitated. The approved MEMO'S and imprest warrants and surrender register were provided during the Audit session to support the expenses.		
NO 3	Unsupported Foreign Travel and Subsistence Expenses amounting to Kshs. 3,404,034 towards purchase of the tickets.	The implementation of the BRT projects needs to incorporate study tours and benchmarking in other foreign countries that have implemented BRT. NaMATA sent its staff for benchmarking hence Air tickets and boarding passes were provided during Audit to support the expense and officers were paid Foreign Subsistence Allowance while outside the Country on official duties.	Not resolved	31st December 2023
NO 4	Irregular Hospitality Supplies and Services Kshs. 1,982,800 were in favor of officers from the State Department of Housing and Urban Development on various dates. No	NaMATA's operations prior to appointment of its staff was under the Ministry of Housing and Urban Development and the officers were on secondment. All the expenses incurred	Not resolved	31st December 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	explanation on why the expenditure was charged to the Authority.	were properly supported and the utilization of these funds were solely for NAMATA's operations. A review of the payment vouchers would clarify the concern raised		
NO 5	Board Expenses- Kshs. 1,660,000 was in respect to the expenses incurred in the Financial Year 2020/2021.	The Accounts were being prepared on a Cash Accounting Basis but from the FY 2022/2023 going forward, financials have been prepared using Accrual Accounting Basis. This will ensure expenses are accounted in the year it is incurred and not when it is paid.	Resolved	
NO 6	Unapproved Over Expenditure i. Final recurrent expenditure budget and actual on comparable basis of Kshs. 80,000,000 and Kshs. 111,174,112 respectively	The Authority's budget re-allocation was done through the office of the PS Housing who is allowed by Section 43(2) of the Public Finance Management Act to reallocate appropriate funds to or from a program or sub-vote to an amount not exceeding 10% of the total		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	resulting in an over-expenditure of Kshs. 31,174,112.	expenditure approved for that program or sub-vote for that Financial Year.	Resolved	
	Similarly, the Authority spent Kshs. 2,491,693,105 on Capital Expenditure against an approved budget of Kshs. 700,000,000 resulting to an over-expenditure of Kshs. 1,791,693,105	The increase in Capital Expenditure was as a result of preparing the Accounts on accrual accounting basis and not Cash accounting basis. Initially the figure recognized was the Cash already paid to the contractor and not the value of works certified. By preparing Accounts on Accrual basis the value of work certified had to be recognized and hence the unpaid amount becomes amount payable to the contractor		
NO 7	Anomalies in the implementation of	The delay has been occasioned by delayed payments	Partly resolved	31st December 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Bus Rapid Transit Line 2 Project i. Project falling behind schedule and contractor suspending works. ii. Acquisition of land for the proposed sites for the ramps was not complete and no work had commenced on the interchanges (Ruiru, Githurai and Kenyatta National Hospital)	due to tough Fiscal and Budget cuts which affected the Authority's Development budget. However, in the FY 2023/2024 the Authority has been allocated a Development budget of Kshs. 1 Billion This will go towards resumption of works by the contractor. The Nairobi Metropolitan Area Council gazette BRT and Commuter Rail Corridors as transportation corridors under the jurisdiction of NaMATA. The BRT Line 2 project is a design and build project on the right of way which is the total land area acquired for the construction of a roadway which accommodates all development of all components of a roadway. In addition, Section 28 of the Land Registration Act No. 3 of 2012		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	iii. Modification on the existing 10 footbridges were below 20% and works had only begun on the five footbridges.	creates and categorizes the right way as an overriding interest. Similarly, Section 28(c) and (h) of the same Act provides. Unless the contrary is expressed in the register, all registered land shall be subjected to the following overriding interest as may for the time being subsist and affect the same, without there being noted on the register. (c)rights of way, rights of water and profits subsisting at the time of first registration at the time of first registration under this Act. (h) rights acquired or in process of being acquired by virtue of any written law relating to the limitation of actions or by prescription; (j) any other rights provided under any written law.		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	There was no project status report prepared in line with the project scope of works as detailed in the contract document.	Project's scope provides for the modification of the existing 10 No. footbridges to retrofit stations at these locations. In order to minimize interruptions to the high traffic numbers on Thika Road, the design provided for off-site fabrication of most of the steel elements, which are subsequently transported and installed on site. The above elements have already been fabricated and shall be installed once activities resume on site. The works on these footbridges are not completed and has also not commenced on other footbridges due to the suspensions occasioned by the delayed payments to the Contractor. The works for the ramps and U-Turns have not commenced due to factors related to lack of cash flow on Contactor's side. The project brief was attached and emailed to Mr. Moses Kabare the team leader However, we also		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		attach herewith a copy for the same for ease of reference. It is true there is no work going on as the Contractor has suspended all activities due to delayed payments and they have indicated that they will only but resume works The BRT Line 2 Project commenced on 4th August 2020 at a Contract Sum of Kshs. 5,575,071,798.84. The amount certified to date is Kshs. 3,099,238,164 against the amount paid to date of Kshs. 1,001,876,795. The Contractor has suffered delays in non-payment of certified Interim Payment Certificates of an amount of Kshs. 2,097,361,369. The above payment delay has negatively affected execution of the works and has led to suspension of the same by the Contractor in line with the provisions of the Conditions of Contract. The		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Irregular payment of acting allowances- Kshs. 23,542,883 related to employee costs paid to acting staff deployed from State Department and the County whom had acted for over 4 years contrary to the recommendation of Human Resource Policies and Procedures Manual for the Public Service, May 2016 that stipulates that acting allowance should not be payable to an officer for more than Six (6) Months.	According to clause 4.6.5 of the NaMATA HR Manual, an appointment on acting basis shall be limited to six months OR until a vacant post is filled whichever is earlier BUT may be extended by the Board or the Director General if the post remains vacant as captioned hereunder. The deployed staff were still performing duties of higher posts with the consent of the Board and Director General. The positions remained vacant and thus officers were entitled to the payment of acting allowances. The payment of the acting allowances was therefore consistent with the provisions of the Authority's HR Manual. Additionally, The Authority recruited its substantive staff in September 2022.	Resolved	

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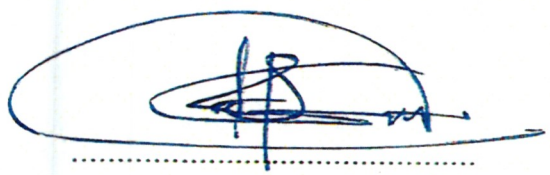
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Composition of The Board of Directors- Review of the Composition of the current Board of Directors indicates that it does not include 3 independent Directors who are appointed by virtue of their knowledge and experience in transport, law, intelligent transport systems, civil engineering, traffic engineering, economics, urban design, planning and management or any other relevant field as required by Section 8(1)(f) of the Nairobi Metropolitan Area Transport Authority Order, 2017.	The appointment of the 3 independent Board Members made by the NMA Council was challenged vide Petition No. E031 of 2021 whereby the Court impugned their appointment by quashing the Gazette Notice Vol. CXXIII No. 42 No. 1714 dated 5th February 2021 through a judgment delivered on 21st September 2021. However, The Cabinet Secretary for Roads and Transport and Chair Person of the Council for the Nairobi Metropolitan Transport Area Authority through Gazette Notice No. 9767 dated 26th July 2023 appointed; Anna Robai Makawa, Dominic Kipkoech Koskei and Annastacia Mumbua Musyimi as Independent Directors to the Authority.	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Operations and Management of the Authority; Integrated Public Transport Strategy for the Metropolitan Area and a Strategic Plan were not provided.	The Authority's Public Transport Strategy for the Metropolitan Area was developed through the Mass Rapid Transit System Harmonization Study for Nairobi Metropolitan Area which was availed during Audit. The Authority has in place a Strate0gic Plan for the period 2019-2023 which was availed during Audit.	Resolved	
NO 8	Failure to Automate Operations- Review of the Authority's Operation Environment and record keeping revealed that Financial and Accounting records are managed and maintained manually.	HR and Payroll processing has already been automated while ICT department is coordinating the on boarding of Finance and Supply Management into the Enterprise Resource Planning system.	Partly Resolved	30th June 2024
NO 9	Failure to update the Authority's Asset Register as required by the Public Procurement and Asset Disposal Regulations 2020	The Asset Register has been updated although Asset tagging is yet to be done. Through the bolstering of the Authority's FY	Partly Resolved	30th June 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		2023/2024 budget, the Authority has earmarked this exercise as a priority by including it in its procurement plan a provision for procuring an Asset Management System		



Ag.Director General

Date: 29-09-2023

Appendix II: Projects implemented by NaMATA

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
The Design and Build project for the Bus Rapid Transits (BRT) facilities on Thika Super Highway		NA		NA		YES

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
	The Design and Build project for the Bus Rapid Transits (BRT) facilities on Thika Super Highway	5,575,071,199	3,099,238,164	56%	1,050,000,000	0	GOK

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES	Where Recorded/recognized				
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific
State Department of Housing	23.09.2022	Recurrent	22,500,000	22,500,000	0.00	0.00	0.00	0.00
State Department of Housing	18.11.2022	Recurrent	22,500,000	22,500,000	0.00	0.00	0.00	0.00
State Department of Housing	30.01.2023	Recurrent	15,700,000	15,700,000	0.00	0.00	0.00	0.00
State Department of Housing	06.04.2023	Recurrent	22,500,000	22,500,000	0.00	0.00	0.00	0.00
Total			**83,200,000**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

Total Transfers during the Year
22,500,000
22,500,000
15,700,000
22,500,000
83,200,000