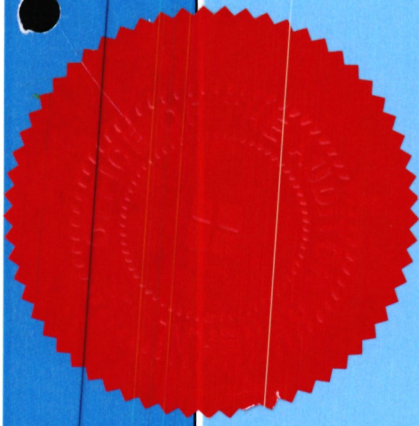


REPUBLIC OF KENYA



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ON

KENYA NATIONAL HIGHWAYS AUTHORITY

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

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Kenya National Highways Authority

Quality Highways, Better Connections

KENYA NATIONAL HIGHWAYS AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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KENYA NATIONAL HIGHWAYS AUTHORITY

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For the year ended June 30, 2020

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Authority was established vide the Kenya Roads Act, 2007. The Authority is under the State Department of Infrastructure in the Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works for the general policy and strategic direction.

(b) Principal Activities

The principal activity/mission of the Authority is to manage, develop, rehabilitate and maintain the national road network.

(c) Key Management

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Eng. Peter M. Mundinia, EBS
2.	Director, Highway Planning and Design	Eng. Samuel O. Omer
3.	Director, Development	Eng. David Muchilwa
4.	Director, Policy, Strategy & Compliance	Eng. Njuguna Gatitu
5.	Director, Corporate Services	CPA James Bowen
6.	Director, Audit Services	CPA. William Masita
7.	Ag. Director, Road Asset & Corridor Management	Eng. Mutii Kivoto
8.	Corporation Secretary/Deputy Director, Head Legal Services	Ms. Norah Odingo-Kajwang'
9.	Deputy Director, Head Supply Chain Management	Ms Levina Wanyonyi

(e) Fiduciary Oversight Arrangements

No.	Designation	Name
1.	Chairman (<i>non-executive</i>)	Eng. Wangai Ndirangu, MIEK, RCE (Appointed member on 22 nd July 2019) (Appointed Chairperson on 12 th November, 2019)
2.	Director	Ms. Mary Gesare
3.	Director	CPA. Andrew C. Mitei
4.	Director	Mr. Charles Gathogo
5.	Director	Eng. Gilbert Arasa, OGW, RCE, FIEK Alternate to PS State Department for Infrastructure (Retired on 18 th March, 2020)
6.	Director	Mr. Protus Sigei, Alternate to CS National Treasury
7.	Director	Mr. George Wanjau; Alternate to PS State Department for Transport
8.	Director	Eng. Carey O. Orege, CBS (Appointed on 25 th November, 2019)
9.	Director	Eng. Francis Gitau (Appointed on 19 th March 2020)
10.	Director	Eng. Erastus K. Mwongera, CBS, FIEK, RCE (Retired on 28 th July, 2019)
11.	Director	Mrs. Marykaren C. Kigen-Sorobit (Retired on 21 st March 2020)
12.	Director General/Board Secretary (<i>ex-officio member</i>)	Eng. Peter M. Mundinia, EBS

The Board of Directors constituted four Board Committees which included the Technical and Strategy Committee, the Finance, Human Resource and General Purpose Committee, the Audit, Risk and Governance Committee and the Procurement and Disposal Oversight Committee. The Finance, Human Resource and General Purpose Committee, and the Audit, Risk and Governance Committee are responsible for the fiduciary oversight of the Authority.

Their key responsibilities are outlined below:

i) Finance, Human Resource and General Purpose Committee

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

- Review, approve and/or recommend for Board's approval;
 - 1) Financial, Human Resources, ICT, Legal & Regulatory Affairs and Corporate Communications policies and procedures,
 - 2) Estimates of receipts and expenditures including their revisions,
 - 3) Re-allocation of funds between budget heads,
 - 4) Special funding proposals including borrowings and grants,
 - 5) Proposals for opening bank accounts,
 - 6) Proposals for investments and their returns,
 - 7) Annual Corporate Social Responsibility activities and
 - 8) Staff terms and conditions of service.
- Ensure that
 - 1) Proper books of accounts and records are maintained for the Authority's transactions,
 - 2) All expenditures are within the approved budget,
 - 3) Proper records are maintained on property and material liabilities.

ii) Audit, Risk and Governance Committee

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

- Review, approve and/or recommend for Board's approval;
 - 1) The external auditor's management letter and management's response to the external auditor's findings and recommendations,
 - 2) The Authority's procedures for detecting fraud and to review the investigation and remediation of any alleged or suspected fraud;
 - 3) At least annually, the status of the enterprise risk management program and
 - 4) The annual internal audit work plan.
- Ensure that;
 - 1) Unsettled and unimplemented Public Investment Committees' (PIC) issues are resolved,
 - 2) There is clarity of disclosure in financial reporting and the presentation of a balanced and understandable assessment of the Authority's financial position;
 - 3) Recommendations of the Auditor General are implemented.
 - 4) Integrity of the financial statements of the Authority is maintained at all times
 - 5) Disagreements between management and any auditor regarding the Authority's financial reporting are resolved
 - 6) Special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency are conducted

iii) Technical and Strategy

This is a committee of the Board whose key responsibilities are review, approve and/or recommend for Board's approval;

- 1) Proposals formulated by Management for re-classification of a roads.
- 2) The road works programme formulated by Management, for all national roads.
- 3) The viability of Private Public Partnerships.

iv) Procurement and Disposal Oversight Committees

This is a committee of the Board whose key responsibilities are to review, approve and/or recommend for Board's approval: -

- 1) The consolidated Annual Procurement and Disposal Plans;
- 2) Revision of the approved Consolidated Procurement Plans;
- 3) Quarterly procurement reports;
- 4) Procurement of goods, services and projects that would require external financing;
- 5) Proposals for contract awards for strategic procurements;
- 6) Awarded contracts are complying with the law;
- 7) Implementation of the Procurement Plan.

v) Office of the Auditor General

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

vi) Development Partner Oversight Activities

This group constitutes Bi/Multi – lateral lenders to the Government of the Republic of Kenya for development projects under implementation of the Authority, whose key responsibilities include;

- 1) To examine the annual reports of the Auditor General on the financial statements of projects
- 2) To conduct financial management supervision and offer project implementation support
- 3) Review of quarterly Interim Financial Reports
- 4) Commission independent auditors to undertake financial and technical review of projects they have financed.

(vii) The Public Investments Committee

This is a Parliamentary Select Committee charged with the responsibility of examining the activities of state agencies. It receives audit reports from the Clerk of the National Assembly who in turn would have received them from the Authority.

Its key responsibilities as appertains to the Authority are to;

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

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

(f) Kenya National Highways Authority Headquarters

Nairobi, Kenya

Barabara Plaza, Jomo Kenyatta International Airport (JKIA), Nairobi,

Off Mazao Road (Opposite KCAA Headquarters)

P.O. Box 49712

GPO 00100

Nairobi, Kenya

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(g) Kenya National Highways Authority Contacts

Telephone: (254) 02 8013842

E-mail: dg@kenha.co.ke

Website: www.kenha.co.ke

(h) Kenya National Highways Authority Bankers'

1. Kenya Commercial Bank Limited

Moi Avenue Branch

P.O Box 30081

GPO 00100

Nairobi, Kenya

4. Co-operative Bank of Kenya

Upper Hill Branch

P.O Box 30415-00100

GPO 00100

Nairobi, Kenya

2. National Bank of Kenya

Hill Plaza Branch

P.O. Box 45219

GPO 00100

Nairobi, Kenya

5. NCBA Bank

NCBA House

P.O Box 44599

GPO 00100

Nairobi, Kenya

3. Equity Bank Limited

Equity Centre Branch

P.O Box 75104-00200

City Square 00200

Nairobi, Kenya

(i) Independent Auditors

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

Harambee Avenue

P.O. Box 40112

City Square 00200


Nairobi, Kenya

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THE BOARD OF DIRECTORS

Director	Brief Profile
 <p>1. Eng. Wangai Ndirangu, MIEK, RCE Chairman</p>	<p>Date of Birth: 20th September, 1973 Masters in water Engineering (Moi University) Bachelor of Technology in Civil & Structural Engineering (Moi University) Member of the Institution of Engineers of Kenya, Registered Consulting Engineer Lecturer, at Jomo Kenyatta University of Agriculture & Technology & Consultant in Water Resources and Engineering 20 years' of management experience (Appointed member on 22nd July 2019) (Appointed Chairperson on 12th November, 2019)</p>
 <p>2. Ms. Mary Gesare Director</p>	<p>Date of Birth: 31st January 1968 Bachelor of Business Management Member, Infrastructure Committee, Devolution and Security Committee (KAM) Member, Institute of Human Resource management (IHRM) 27 years of management experience</p>
 <p>3. CPA Andrew C. Mitei Director</p>	<p>Date of Birth: 9th June 1956 Certified Public Accountant Bachelor of Commerce (Accounting) Member, Institute of Certified Public Accountants (Kenya) Member, Australian Institute of Company Directors 40 years of Private Sector Management experience</p>
 <p>4. Mr. Charles R. Gathogo Director</p>	<p>Date of Birth: 24th February 1966 Licensed Land Surveyor and GIS Consultant Bsc. (Survey and Photogrammetry). Master's Degree in Cadastral Application Member of Institute of Surveyors of Kenya. 22 years of Private Sector Management experience in Engineering Survey, Cadastral Surveying and planning.</p>

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Director	Brief Profile
 <p>5. Eng. Gilbert Arasa, OGW,RCE,FIEK Director – Alt. to PS (Infrastructure)</p>	<p>Date of Birth: 3rd December, 1967 Registered Professional Engineer, Registered Consulting Engineer, Member of the Institution of Engineers of Kenya and Fellow of the Institution of Engineers of Kenya Degree: Bachelor of Science (Civil Engineering) Current Employment / Designation : Senior Principal Superintending Engineer (Roads), State Department of Infrastructure. Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works 26 years’ of management experience <i>(Retired on 18th March 2020)</i></p>
 <p>6. Mr. Protus Sigei Director – Alt. to CS (National Treasury)</p>	<p>Date of Birth: 1st December 1965 Master of Science from the University of York B.A(Hons) degree in Economics(with Mathematics) Member of the Society for Benefit-Cost Analysis Graduate of the Australian Institute of Company Directors(GAICD) Over 20 years’ of experience in Board directorship.</p>
 <p>7. Mr. George Wanjau Director – Alt. to PS (Transport)</p>	<p>Date of Birth: 19th January, 1962, Economist and Urban Transport Planner. MSc (Project Planning & Financing) BA (Economics) 33 years’ of Public Sector Management experience</p>
 <p>8. Eng. Carey O. Orege, CBS Director</p>	<p>Date of Birth: 14th October, 1955 Professional Membership: Registered Consulting Engineer, Member of Institution of Engineers of Kenya MSc (Highway Engineering) (The University of Birmingham) BSc (Civil Engineering) (University of Nairobi) 40 years’ of management experience <i>(Appointed on 25th November, 2019)</i></p>





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Director	Brief Profile
 <p>9. Eng. Francis Gitau Director-Alternate to PS Infrastructure</p>	<p>Date of Birth: 1965 Executive Masters in Business Administration(Jomo Kenyatta University of Agriculture & Technology) BSc. (Civil Engineering)(University of Nairobi) Advanced Professional Training in Management of Road Maintenance(Aachen University, Germany) Chairman, Mechanical Transport Fund</p> <p><i>(Appointed on 19th March 2020)</i></p>
 <p>10. Eng. Erastus K. Mwangera, CBS, FIEK, RCE Director</p>	<p>Date of Birth: 2nd December, 1949. Registered Professional Engineer Fellow of the Institution of Engineers of Kenya Registered Consulting Engineer BSc (Civil Engineering) HND. Construction Dip. Water Engineering Civil Engineering Consultant 45 years' of Public Sector Administration and Management experience <i>(Retired on 28th July, 2019)</i></p>
 <p>11. Mrs. Marykaren C. Kigen-Sorobit Director</p>	<p>Date of Birth: 14th February,1969 LL.B (Hons) PGD. KSL, CPS(K) Advocate of the High Court of Kenya Member, Law Society of Kenya 25 years' experience in legal and compliance management. <i>(Retired on 21st March 2020)</i></p>
 <p>12. Eng. Peter M. Mundinia, EBS Director General & Secretary to the Board</p>	<p>Date of Birth: 7th December,1963, MBA (Business Management) BSc. (Civil Engineering) Diploma in Theology Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya Member of Kenya Institute of Management (KIM) 31 years' of management experience</p>

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2020****MANAGEMENT TEAM**

Manager	Brief Profile
 1. Eng. Peter M. Mundinia, EBS Director General	Date of Birth: 7 th December, 1963, MBA (Business Management) BSc. (Civil Engineering) Diploma in Theology Member of the Institution of Engineers of Kenya Registered Engineer with Engineers Board of Kenya Member of Kenya Institute of Management (KIM) 31 years' of management experience
 2. Eng. Samuel O. Omer Director, Highway Planning & Design	Date of Birth: 17 th February 1962, BSc. (Civil Engineering) Member of the Institution of Engineers of Kenya 32 years' of Management experience
 3. CPA James K. Bowen Director, Corporate Services	Date of Birth: 1 st January, 1973 MBA, BCom (Accounting) Certified Professional Credit Manager (CMP), Certified Public Secretaries (CPS K), Certified Public Accountant (CPAK) Member of, ICPAK, ICPSK 22 years' of Management experience
 4. Eng. David Muchilwa Director, Development	Date of Birth: 28 th December 1964 BSc. (Civil Engineering) Member of the Institution of Engineers of Kenya 30 years' of Management experience


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Manager	Brief Profile
 <p>5. Eng. Njuguna Gatitu Director, Policy, Strategy & Compliance</p>	<p>Date of Birth: 1965. BSc (Civil Engineering) Post Graduate Diploma in Computer Science Member of the Institution of Engineers of Kenya 30 years' of Management experience</p>
 <p>6. CPA. William O. Masita Director, Audit Services</p>	<p>Date of Birth: 2nd February 1979 MBA, BA (Economics) Certified Information Systems Auditor (CISA) Certified Internal Auditor (CIA) Certified Public Accountant (CPA) Certified Public Secretary (CPS) Member of ICPAK, ISACA, IIA 15 years' of Management Experience</p>
 <p>7. Eng. Mutii Kivoto Ag. Director Road Asset & Corridor Management</p>	<p>Date of Birth: 18th August 1965 Msc. Project Management Bsc Civil Engineering Registered Engineer Member of the Institution of Engineers of Kenya 20 years' of Management experience</p>
 <p>8. Ms. Norah Odingo-Kajwang Corporation Secretary/Deputy Director, Head of Legal Services</p>	<p>Date of Birth: 27th April 1969 Degrees: MBA Bachelor of Laws Registered Advocate Member Law Society of Kenya Member Public Secretaries of Kenya 25 years' of Management experience</p>

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Manager	Brief Profile
 <p>9.Ms. Levina Wanyonyi Deputy Director, Head of Supply Chain Management</p>	<p>Date of Birth: 13th February 1972 Degrees: MBA Bachelor of Science Member: Kenya Institute of Supplies Management , The Chartered Institute of Purchasing & Supply Institute for Management of Information Systems 23 years' of Management experience.</p>

CHAIRMAN'S STATEMENT

It is my pleasure to present KeNHA's Annual Report and Financial Statements for the year ended 30th June 2020. This was yet another year of great performance which we once again demonstrated that we have the right strategy, culture and the people to deliver consistent and sustained value for the country. During the year, the Authority continued implementing several on-going projects and initiated new ones in line with its FY 2018/2019 – 2022/2023 Strategic Plan. Initiatives were also implemented to maintain the national trunk road network at high performance standards necessary in supporting sustainable socio-economic development of the Country. During the period under review, the Authority's road network increased by 15% from 18,549 Kms to 21,307 Kms following reclassification of roads by the Cabinet Secretary, Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works in May 2020. The paved network measures 10,909 Kms. The Authority is currently reviewing its Strategic Plan and developing its FY 2020/2021 Annual Work Plan to align its strategy to the expanded mandate.

Quality road network is a key enabler in the fulfilment of the Government's Big- 4 Development Agenda and realization of Vision 2030. The Authority continued to improve the quality of the road network under its jurisdiction, placing maintenance contractors on the entire previous jurisdiction of 18,549 Kms that was not under development works. The execution of performance-based maintenance has led to the success of our business model that rewards diligence and innovation. The Authority's road development and maintenance strategies prioritized interventions that supported manufacturing, food security and nutrition, promoted access to universal health coverage and provision of affordable housing.

The launch of the Nairobi Expressway project during the FY 2019/2020 marked a significant milestone in *public-private partnerships and its potential to speed-up benefits and redirect risks of improved road network. The progress achieved has reinforced confidence in private sector roles in project identification and investment for public benefits. Through this undertaking the Authority has grown its experience in PPP transactions and institutional collaborations across different sectors of the Kenya Government in line with principles of the whole government approach to development.*

The Authority continued to implement measures to ensure sustainability of project interventions and remain responsive to stakeholders' expectations. We consistently engaged our stakeholders in policy development, project identification, project design and eventual implementation. Beneficiary communities were also sensitized on road safety and integrity of road reserves. The Authority revised its Customer Service Charter during the year, a demonstration of its commitment to efficient and effective service delivery.

The Authority experienced several challenges in the delivery of its planned outputs. The outbreak of COVID

KENYA NATIONAL HIGHWAYS AUTHORITY
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For the year ended June 30, 2020

– 19 led to scaling down of certain activities across the Authority during the last quarter of the financial year. This was mainly due to support, labour and market supply chain disruptions arising from restrictions on international and local movements of goods and people. We have since implemented policy measures in line with the Ministry of Health COVID – 19 protocols and guidelines which have guaranteed safety of our customers and staff and ensured full resumption in operations. Additionally, heavy rains experienced during the year under review led to washouts on critical road sections. Through emergency framework contracts, the Authority restored traffic within 48 hours of such wash outs as per its service delivery charter. The Authority has implemented policies and procedures to ensure that climate resilient road infrastructure is designed and implemented.

Despite the continuing challenges and uncertainties that prevailed in the environment within which we operated in; I am delighted to report that KeNHA achieved the key set annual performance targets for the year under review. The Board of Directors continued playing its oversight role in ensuring that all programmes and projects are implemented in an efficient and prudent manner. Our business ethos remained focused in the desire to deliver improved value to the Kenyan taxpayer, increase travel convenience for road users and enhance national and regional connectivity.

The just concluded financial year saw the immediate former chairman of the Board, Eng. Erastus K. Mwangera alongside Ms. Marykaren Kigen-Sorobit and Eng. Gilbert Arasa retire from the Board. Conversely, Eng. Carey Orege, Eng. Francis Gitau and I joined the Board. On behalf of the Board, I would like to thank the retired Board members for their invaluable guidance and leadership to the Authority during the entire period they served as board members and wish them well in their future endeavours. I also wish to express our sincere gratitude to the Authority’s Management and Staff Members for their dedication and teamwork that enabled the Authority deliver on its mandate. I also extend my appreciation to my colleagues, Directors of the Board for their support, contribution and strategic guidance to Senior Management during the year. Finally, I wish to thank the Government, Development Partners, Service Providers and our Customers among other key stakeholders for the confidence and support they have continuously bestowed on the Authority.



Eng. Wangai Ndirangu, MIEK, RCE

Chairman of the Board of Directors

5th April, 2021

KENYA NATIONAL HIGHWAYS AUTHORITY
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DIRECTOR GENERAL'S STATEMENT

The Authority's Annual Report and Financial Statements have been prepared in line with the requirements of section 44 of the Kenya Roads Act, 2007. They provide an overview of the Authority's activities and operations over the one-year period ending 30th June 2020 and presents synopsis of utilization of allocated funds over the same period.

The Authority remained steadfast in the delivery of its mandate as espoused in its FY 2018/2019 – 2022/2023 Strategic Plan. Towards enhancement of efficiency and capacity within the national trunk roads network, the Authority substantially completed construction of Nuno – Modogashe, Kisumu – Kakamega, Kakamega – Kaburengu (Webuye), Chiakariga – Meru, Ugunja – Nyandorera – Ruambwa and Narok – Sekenani roads. Construction of footbridges at Witeithei, Mangu and Mlolongo were also completed as part of the Authority's initiative to enhance road safety through the provision of Non-Motorized Transport (NMT) infrastructure.

The Authority also commenced several road construction projects. These included the construction of Nairobi Expressway project (James Gichuru – JKIA – Mlolongo), Lokichar – Loichangamatak, Mau Mau roads, Kinyona – Gatura – Njabini, Thika – Magumu, Naivasha – Njabini and Mteza – Kibundani. These projects aim at enhancing national and regional integration, accessibility and road safety which are key enablers in achievement of the Government Big-4 development agenda of enhancing manufacturing, food security and nutrition, universal health coverage and provision of affordable housing.

Significant progress was made in engagement of the public sector in provision of road infrastructure. Leveraging on private sector expertise and financing is key in augmenting exchequer budget and provision of quality and timely road assets. In this regard, the Authority signed commercial agreement for the construction of Nairobi Expressway road to be implemented as a PPP first mover project, commercial agreements were also signed for construction of Illasit – Njukini – Taveta, Modogashe – Habaswein – Wajir and Rhamu – Mandera roads to be implemented under the Annuity financing framework.

The Authority secured the title deed for Rumuruti road camp and finalized preparation of deed plans for Sultan Hamud and Sagana road camps. To secure road reserves, title survey was undertaken for 170 Km of roads and deed plans prepared. The Authority also installed 1,753 road reserve edge marker posts to clearly define the extent of the national trunk road network reserve. In addition to the above, the Authority adopted performance-based contract maintenance strategy for its road network. This has guaranteed high service levels within its road network with a total of 8,853 Kms of roads put under

performance-based maintenance contracts.

The Authority also implemented measures to promote sustainable ecological development. A total of 25,477 trees were planted in selected areas and environmental social impact assessment studies undertaken for all new projects. The Authority also undertook environmental audits for ongoing projects to ensure compliance to environmental and social safeguards in its projects. Alternative dispute resolution mechanisms have been put in place across KeNHA projects which has helped in minimizing conflicts in projects whilst fast-tracking project implementation. The Authority has fully mainstreamed crosscutting issues to promote gender parity, reduce gender violence and mitigate on the impacts of HIV/AIDS in road construction projects.

The Authority also implemented measures to strengthen its institutional capacity to enhance service delivery. To this end, the customer service delivery charter was revised, and brand manual developed. Technology was also embraced in service delivery through the adoption of an Enterprise Resource Planning System, operationalization of customer relationship management system and adoption of an online permit processing platform. The Authority relocated its headquarter offices to the ultra-modern office premises at Barabara plaza which has improved the working and service delivery environment.

The Authority through partnership with local universities developed a collaboration framework on research and innovation. This aimed at developing suitable road construction materials and furniture that is climate resilient and responsive to local conditions. Research panels will also be established in the FY 2020/2021 to spearhead research on topical issues. This aims at keeping the Authority responsive to latest developments hence delivery of world-class road infrastructure.

The Authority continues to face challenges arising from inadequate budgetary allocation with the pending development bills on land acquisition and works being in excess of Kshs. 30 billion as at the end of the financial year. Other major challenges that affected project delivery during the year included vandalism of road furniture which compromises road safety, delays in relocation of utilities which delays project commencement hence completion and encroachment on road reserves which compromises road safety. These challenges continue to pose setbacks on timely project completion and often leads to escalation in project cost as a result of interest charges and contractual claims.


In the FY 2020/21, the Authority plans to undertake a mid-term review of its 2018/19 – 2022/23 Strategic Plan and develop a balanced score card performance management framework. These will aid the Authority in refocusing its strategy given its dynamic operational environment and resolve to effectively monitor performance.

KENYA NATIONAL HIGHWAYS AUTHORITY

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The commitment of our staff and support of the Government through our parent Ministry, Development Partners and the Board of Directors has been pivotal towards the achievement registered during the year. The Authority appreciates this unwavering support and will continue to partner and engage with all stakeholders in the delivery of its mandate.



Eng Peter M. Mundinia, EBS

Director General

 April, 2021

CORPORATE GOVERNANCE STATEMENT

The Kenya National Highways Authority is committed to the values and principles of good corporate governance as an integral part of the corporate culture. This guides the way its Directors, Management and Staff conduct the business of the organization. As a public sector organization dedicated to providing quality service to its stakeholders, the Authority's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, the Leadership and Integrity Act, Corporate Governance Guidelines and the Authority's code of conduct. The Authority endeavours to develop, strengthen and sustain the trust that the Government, employees and the public have bestowed on it. The Board is committed to regularly evaluating national and international standards in responsible, transparent and efficient manner with a view of enhancing corporate governance at the Authority and consistently delivering on its statutory mandate.

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

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

In line with the provisions of the Kenya Roads Act, 2007, the Chairman and other members of the Board, other than designated public officers, shall hold office for a period of three years from the date of appointment and may be eligible for re-appointment for one further term. The appointment of all members of the Board as first constituted and at every change in membership shall be by notice published in the Kenya Gazette. The Director General is appointed by the Board in consultation with the Cabinet Secretary in charge of roads following a competitive recruitment process.

New Directors are provided with extensive materials on the Authority and its operations, the procedures relating to the Board and its Committees and their duties and responsibilities as Directors.

The primary function of the Board of Directors' (the Board) is to provide effective strategic leadership and direction to enhance the long-term value of the Authority to its stakeholders. The Board has the overall responsibility for overseeing the development and implementation of the strategic plan,

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performance objective, financial plans, annual budget, key operation initiatives, financial performance reviews and corporate governance practices. They are also responsible for instilling the appropriate culture, value and behaviour throughout the organization. The Board is therefore committed to maintaining very high standards of corporate governance and ethical conduct.

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

A schedule of individual board members, their position and number of meetings attended and held are as shown below;

No.	Name of Director	Board Position	No. of Meetings Attended/Held
1	Eng. Wangai Ndirangu, MIEK, RCE	Chairman	27/29
2	Eng. Carey Orege,CBS	Member	19/19
3	Ms.Mary Gesare	Member	29/29
4	Mr.Andrew C.Mitei	Member	23/29
5	Mr. Charles Gathogo	Member	24/29
6	Mr.George Wanjau	Member	19/29
7	Mr.Protus Sigei	Member	23/29
8	Eng. Francis Gitau	Member	5/5
9	Mrs. Marykaren C. Kigen-Sorobit	Member	24/24
10	Eng. Gilbert Arasa, OGW,RCE,FIEK	Member	15/24

MANAGEMENT DISCUSSION AND ANALYSIS**Mandate**

To manage, develop, rehabilitate and maintain national roads.

SECTION A**The Entity's Operational and Financial Performance****Road Maintenance**

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

S/No.	Project Activity	Targeted Output(km)	Actual Output(Km)	Source of Funding
1.	Periodic maintenance	655	552	Road Maintenance Levy Fund
2.	Routine maintenance	10,022	9,733	Road Maintenance Levy Fund
3.	Performance Based Contracts	13,647	13,298	Road Maintenance Levy Fund
	Total	24,324	23,583	

Development & Rehabilitation Projects

The Authority is implementing a number of development projects across the country on behalf of the Government. A number of these projects are co-funded with our key Development Partners such as the International Development Association (IDA), African Development Bank (AfDB), European Union (EU), Trade Mark East Africa (TMEA), Export Import (EXIM) Bank Japanese International Co-operation (JICA), Consortium of Arab Banks etc.

No.		Current status	No. of projects	Value of Contract Sums in Kshs. Millions
1	Fully funded by GoK	Completed	6	13,828
		Substantially complete	10	33,901
		On-Going	10	56,598
		Under Procurement	1	2,300
		Sub-total	27	106,627
2	Jointly funded by GoK & IDA	Completed	7	8,684
		Substantially complete	3	17,056
		On-Going	16	43,615

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		Terminated	3	4,340
		Sub-total	29	73,69
3	Jointly funded by GoK & AfDB	Completed	3	34,630
		Substantially complete	-	
		On-Going	5	33,636
		Under Procurement	1	
		Sub-total	9	68,266
4	Jointly funded by GoK & EXIM Bank of China	Completed	1	19,812
		Substantially complete	-	-
		On-Going	2	35,984
		Sub-total	3	55,796
5	Jointly funded by GoK & JICA	Completed		-
		Substantially complete	1	12,775
		On-Going	1	4,055
		Awaiting commencement	1	24,085
		Sub-total	3	40,915
6	Jointly funded by GoK & TMEA	Completed	1	2,798
		Substantially complete	-	-
		On-Going	3	3,576
		Sub-total	4	6,374
7	Jointly funded by GoK & ADfD, BADEA, KfD, OfID & SFD	Completed	-	-
		Substantially complete	1	8,363
		On-Going	-	
		Sub-total	1	8,363
8	Jointly funded by GoK & E.U	Completed	3	27,817
		Substantially complete	-	-
		On-Going	-	-
		Sub-total	3	27,817
	GRAND TOTAL		79	387,851

SECTION B

Entity's compliance with statutory requirements

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

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

SECTION C

Key Projects and Investment Decisions the Entity is Implementing

The Authority is implementing projects using funds from Development Partners and the Government of Kenya as summarized in Appendix II.

SECTION D

Major risks facing the Authority

The key corporate risks for the Authority have been presented in their order of negative financial/corporate impact on the Authority whenever they crystallize.

However, it is worth noting that all the risks stated herein would have negative financial implications whenever they crystallize.

KENHA Key Corporate Risks

Strategic Risks

1. Works Contract Management Risk
2. Design & Structural Risks
3. Disaster and Pandemic Risk
4. People Risk
5. Reputation Risk

Operational Risks

6. Road Reserve and Camp Encroachment Risk
7. Cyber Security Risk
8. Public Private Partnership (PPP) Risks
9. Road Asset Management Risks

Financial Risks

10. Budgetary Constraints Risk

Mitigation measures are in place by various Directorates and Departments in the Authority. The ERM&BPR Department has monitored and reported on the status of implementation of the risk mitigation strategies by management to the ARGC on a biannual basis.

Achievements against the Strategic Plan

The Authority focused on the delivery of its mandate along the six key result areas as identified in its Strategic Plan. Some of the key achievements include:

KRA 1: Development of roads and enhancement of network capacity and quality Construction and capacity enhancement was undertaken for 398 km of road against the annual target of 618 km. Final engineering designs were prepared for Isiolo – Nginyang – Lokichar and dualling of Meru town roads. Designs for Maralal – Baragoi, Baragoi – North Horr, North Horr – Marsabit, Dualling Muthaiga – Kiambu – Ndumberi, Upgrading Kiambu – Ngewa – Nembu and Suswa – Mai Mahiu were at draft final stage while design for Marua – Nanyuki – Lewa was at preliminary design stage.

KRA 2: Securing and Preservation of Road Assets

A total of 8,853 km of road were maintained against the target of 12,162 km. This comprised of 549 km through periodic maintenance, 2,943 km through routine maintenance and 5,362 km through performance-based contracts. Mapping was undertaken for 797 km of road reserve survey undertaken on 531 km of roads to delineate and demarcate the road reserve. Deed Plans were prepared and submitted to NLC to facilitate processing of titles for 586 km of roads which include Naivasha – Lanet (55km), Sultan Hamud – Emali – Mtito Andei (130km), Emali – Loitoktok (112km), Meru – Maua (67km), Thuci – Nkubu (51km), Marua- Nanyuki (58km), Nyeri (Marua) – Nyahururu (113km). Title deed for Rumuruti road camp was secured and Lease title for Sultan Hamud camp and amended RIM for Sagana camp were also prepared to secure the Authority’s land assets.

KRA 3: Environment and Social Sustainability

The Authority implemented measures to mitigate the possible negative effects of road construction on the environment and social structure of beneficiary communities. The Authority undertook four Environmental and Social Audits and carried out Environmental and Social Impact Assessment on five projects, the reports were submitted to NEMA. A total of 25,645 indigenous trees were planted through Ahero – Kisii – Isebania, Eldoret Bypass and Mombasa-Kwa Jomvu projects against an annual target of planting 12,000 trees. The Authority also prepared and monitored implementation of resettlement action plans for all its projects to secure social safeguards in projects. Measures were also implemented to mainstream cross cutting issues including HIV/AIDs, disability and gender equity in projects.

In fulfilment of its corporate social responsibility, the Authority constructed classrooms at Kamagambo primary school along Isebania – Kisii road, Bukhaywa primary school along Kakamega – Kaburengu road and Narogor ECDE school along Lodwar – Lokitaung road. The Authority also constructed a dam along Kibwezi – Kitui road, constructed a water supply system at Athi Campsite and installed a Safaricom Network Mast along Narok – Sekenani road. Measures to

effectively engage stakeholders and project beneficiaries in design and implementation of projects were also put in place.

KRA 4: Enhancement of Institutional Framework and Capacity

The Authority developed and reviewed the Customer service charter, Career guidelines and Human resources policy to strengthen its institutional capacity. To enhance skills and proficiency within the Authority, 379 staff members were trained. In addition, 200 graduates were offered internship opportunities at KeNHA offices and in various ongoing projects.

KRA 5: Effective Resource Mobilization

Public Private Partnership (PPP) remains a key initiative in the mobilization of additional resources to finance road infrastructure development. During the financial year, construction of the Nairobi Expressway commenced through a public private partnership initiative. Procurement was also at an advanced stage for the development of the Mau Summit – Nakuru – Rironi and Dagoreti Market – Karen - Bomas – Kiserian – Kona Baridi Roads, the parties having signed commercial contracts.

KRA 6: Leadership and Governance

The Board provided strategic leadership and oversight role to the Authority. It held regular meetings as per the Board Charter and in line with the Mwongozo code of conduct. An inhouse Legal and Governance Audit was undertaken and recommendations implemented to ensure compliance with the law. Systems and internal controls were put in place to enhance efficiency and effectiveness in implementation of the Authority's mandate. In promoting integrity, all staff signed a code of conduct on integrity. Measures to promote National Cohesion and Integration were also implemented as stipulated in Article 10 of the Constitution of Kenya.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board is pleased to present the following CSR Statement:

The Authority's Corporate Social Responsibility (CSR) embodies our commitment to being a responsible corporate citizen, conducting itself ethically, contributing to the well-being of communities, contributing to economic sustainability and instituting environmental safeguards in all our projects. The Authority integrates its projects with community needs and aspirations. The Authority's goal is to ensure that the projects foster long-term relationships with stakeholders and communities around the projects.

In the concluded financial year, our CSR focused on the following major areas: Education, Health and Sanitation, Security enhancement, Youth and Women Empowerment, promoting sustainable livelihoods and improving access to social amenities. The CSR activities carried out included drilling of boreholes and construction of water pans in arid and semi-arid regions, construction of classrooms, health centres, town roads and feeder roads to public institutions as well as charity donations. The Table below provides details on CSR initiatives undertaken during the year.

Table 1; Project specific CSR Initiatives

Project Name	CSR interventions /Initiatives
Isebania - Kisii	i. Construction of a modern Primary School (Goanyinyo Primary School) for the area residents in North Kamagambo.
Kisii – Ahero	i. The Authority is building a Trauma centre at St Joseph Nyabondo Mission Hospital. The centre will be a two-storey building, with an intensive care unit, High Dependency Unit, two operation theatres, Magnetic Resonance Image (MRI), CT Scan, X-rays, Ultrasound, a laboratory, pharmacy, wards and consultation rooms.
James Gichuru - Rironi	ii. Improvement of access roads at 87, mountain view, spenkon area iii. Construction of bodaboda shed at Maai Mahiu
Loruk- Barpelo (B17) Road	i. Completed construction a borehole within the SDA Church compound. ii. Completed construction of access to Nginyang Girls School iii. Completed construction of access to Chemolingot Hospital iv. Completed Construction of access to DCC Office
Kibwezi - Mutomo - Kitui	i. Construction of an earth dam at km 86 ii. Construction of water supply system at Athi Campsite iii. Construction of bus parking at Ikutha town
Lodwar - Lokitaung Junction	i. 1 classroom,1 staff room and a store for Narogor ECDE ii. A toilet for Narogor ECDE school iii. Borehole at Narogor handed over to community iv. Daily water supply to villages, schools & dispensaries along A1 road v. Leveling of Living Gospel Church compound vi. Repair of 3KM Naduat earthwork road vii. Contractor's Trucks ferrying food stuffs from Kakuma to 13 schools in the project area.
Mau Narok - Kisiriri	i. Levelling and land scaping playground of Olokirikirai,

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Project Name	CSR interventions /Initiatives
	Enabelbel primary and oletimama secondary school
Narok - Sekenani	<ul style="list-style-type: none"> i. Project team engaged community and provided over 100 water pans which have been able to accommodate 4 million cubic metres. ii. Donation of camp to Nkoilale Primary boarding school iii. Installation of Safaricom Network Mast at Km 26+000 iv. Resident Engineer's office pays school fees for 2 students.
Nyaru - Iten	<ul style="list-style-type: none"> i. Levelling of playing fields of Kipchawat, Chemwabul and Chororget Primary Schools ii.
Kainuk Bridge	<ul style="list-style-type: none"> i. Excavated four latrines four Reformed Churches of East Africa ii. Reinforced a structure for a community member with materials preventing it from collapsing iii. Created a temporary drainage system for Kailoseget community village iv. Diverted storm water away from the local community residential homes and business shops v. Assisted the local Health Centre in Referral transport for ailing community members vi. Shared water with the community when the water supply system failed.
Lokitaung – Kalobeiyei River	<ul style="list-style-type: none"> i. Construction of Kadakungimoe ECDE school. ii. Fencing of Towokayeni primary school. iii. Construction of Kangura ECDE school. iv. Construction of Kalobeiyei youth center
Oljorok- Ndundori Road	<ul style="list-style-type: none"> i. Improvement of access to Kangoi Boys Hish School to bitumen standards ii. Improvement of access to Uhuru Primary and Secondary Schools iii. Improvement to bitumen standards of Nyakiambi Girls High School iv. Improvement to bitumen standards of Wakiongo Town loop road and access to Wakiongo Health Centre v. 9 meter access culvert for Ministry of Energy offices vi. Levelling and reclamation of school land for Ndundori primary and Merangine Schools vii. Improvement to bitumen standards of access road to Merangine Police Station
Rumuruti- Maralal Road	<ul style="list-style-type: none"> i. Construction of 200 meter boundary wall for Rumuruti Primary ii. Construction of a classroom and 2 toilet blocks for

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Project Name	CSR interventions /Initiatives
	Kandutura Primary iii. Construction of 2 toilet blocks and desk donations to Mathanji Primary iv. Improvement of access to Catholic Church v. Improvement to bitumen standards access to and parking at DC's compound
Siaya- Rwambwa Road	i. Completed construction of 6 classrooms to Boro Primary ii. Construction of a perimeter fence iii. Provision of rain water harvesting gutters iv. Construction of a kitchen
Chebilat- Ikonge Roads	i. Improvement to bitumen standards the access to the Chiefs Camp ii. Improvement to bitumen standards access to Ikonge Primary

Youth and Women Empowerment

The Authority continues to live to its statutory obligation of supporting category of Youth, Women and Persons with disabilities (PWD) in supplies. Further, KeNHA provided internship, industrial attachment and apprenticeship opportunities to 202 people. Besides these, the Authority partnered with Bandari College and Technical University, both in Mombasa, to sponsor students undertaking technical courses.

Road Safety Campaigns

The Authority, in partnership with National Transport & Safety Authority commemorated 'The World Day of Remembrance of Crash victims" on 17th November, 2019. This is a day commemorated worldwide. The Authority conducted a road show from Nairobi-Mombasa sensitizing the public on road safety and good road usage.

In the coming years, we commit to continue deepening our involvement in community initiatives, so as to contribute to sustainable development of Kenyans.

Photos of selected CSR Initiatives



Borehole Handover Ceremony and General Sensitization at Narong'or Village along Lodwar – Lokitaung road



Contractor's Trucks ferrying food stuffs from Kakuma to 13 schools along Lodwar - Lokitaung road



Construction of Kalobeiyei youth center along Lokitaung - Kalobeiyei road



Construction of an earth dam at km 86 between Kibwezi - Kitui road



Quarry near Kiboswa rehabilitated and converted into a football pitch for the community along Kisumu – Kakamega road



Ongoing construction of Nyabondo Trauma Centre along Kisii – Abero road.

Photos of selected CSR Initiatives(Continued)



Ongoing Construction of Goanyinyo Primary School



Completed Levelling of school playground at Enabelbel Primary school

KENYA NATIONAL HIGHWAYS AUTHORITY
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REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30th June, 2020 which show the state of the Authority's affairs.

Principal activities

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

Results

The results of the Authority for the year ended 30th June, 2020 are set out on page 1.

Surplus Remission

The Authority did not realise any distributable surplus during the year ended 30th June, 2020 and hence there was no remittance to the Consolidated Fund.

Directors

Directors of the Board who served during the year are shown on pages *vii*, *viii* & *ix*. During the year, Eng. Erastus K. Mwangera, Mrs. Marykaren C. Kigen-Sorobit and Eng. Gilbert Arasa retired from the Board of Directors on 28th July 2019, 21st March 2020 and 18th March 2020 respectively. Consequently, Eng. Wangai Ndirangu, Eng. Carey O. Orege and Eng. Francis Gitau were appointed on 12th November 2019, 25th November 2019 and 19th March 2020 respectively.


Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30th June, 2020.

By Order of the Board



Eng. Peter M. Mundinia, EBS
Director General and Secretary to the Board

Nairobi
 April, 2021

KENYA NATIONAL HIGHWAYS AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Board of Directors to prepare financial statements in respect of Kenya National Highways Authority (herein after referred to as the Authority) which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Board of 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 Board of Directors is responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on 30th June, 2020. This responsibility includes:

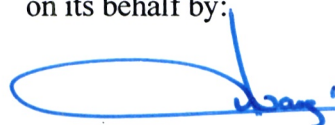
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority;
- (iii) Designing,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

The Board of Directors accepts responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended 30th June, 2020, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority's financial statements were approved by the Board on 17th September 2020 and signed on its behalf by:



Eng. Wangai Ndirangu, MIEK, RCE

Chairman of the Board



Mr. Charles R. Gathogo

Director

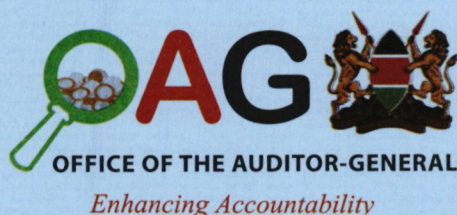


Eng. P.M. Mundinia, EBS

Director General

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL HIGHWAYS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya National Highways Authority for the year ended 30 June, 2020, set out on pages 1 to 42, which comprise the statement of financial position as at 30 June, 2020, statement of financial performance, statement of cashflows, statement of changes in net assets and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with 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, except for the effects of the matters raised in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya National Highways Authority as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya Roads Act, 2007 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Ownership of Land and Buildings

As disclosed in Note 35 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.494,762,290,598 (2019-Kshs.440,797,434,562). Included in the balance are land and buildings valued at Kshs.148,360,000 and Kshs.41,787,057 in 2019 respectively. The buildings are occupied by staff in the South Rift region. Although Management has provided GoK vesting order dated 7 September, 2007 indicative of rightful and beneficial ownership to the properties by the Authority, the acquisition of the title deeds is yet to be completed.

In the circumstances, the validity and ownership of property, plant and equipment amounting to Kshs.190,147,057 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Highways 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 qualified opinion.

Emphasis of Matter

Contingent Liabilities

I draw attention to Note 45 to the financial statements where the Authority has disclosed court cases and claims amounting to Kshs.8,755,996,213 (2019-Kshs.19,795,699,268). Management is of the opinion that the outcome of these litigations and claims were yet to be determined. The Authority has therefore not factored in possible future obligations or liability that would arise from the determination of pending court cases and claims during the year under review.

My opinion, is not qualified in respect of this matter.

Key Audit Matters

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

Other Matters

Development Payables - Pending Bills

As disclosed in Note 38 to the financial statements, the statement of financial position reflects a balance of Kshs.36,849,491,761 in respect of trade and other payables from exchange transactions which constitutes an amount of Kshs.28,704,375,998 being development payables - pending bills as at 30 June, 2020 (2019-Kshs.51,219,097,140). The Authority has explained that accumulation of the pending bills was occasioned by failure of the National Treasury to release exchequer for payments of the bills.

Failure to settle bills during the year to which they relate exposes the Authority to the risk of incurring interest expenses that may adversely impact on the provisions for the subsequent year to which they have to be charged.

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. Interest Expenses on Delayed Contractor Payments

A review of contract records revealed that the cumulative interest expenditures due to delays in settlement of payments to various contractors amounted to Kshs.6,469,716,660 for the year ended 30 June, 2020 which would have been avoidable had the payments been made promptly. Management has attributed the failure to clear the payments to inadequate budget support from the Exchequer.

In the circumstances, it has not been possible to confirm whether Management has been efficient in the use of public resources.

2. Delayed Construction of Projects

During the year under review, the Authority awarded a contract to a firm for the construction of a new bridge at a contract sum of Kshs.481,410,875. The intervention included construction of a new bridge of two spans of approximately 55 meters each of composite steel/Concrete and construction of 370m approach roads to the new bridge. The contract was expected to be completed by 18 July, 2020. However, the contractor sought and was allowed an extension of one hundred and seventy-five (175) days citing delays sourcing and approval of material sources, delays in test pilling and resulting changes in test loads; and Covid-19 National curfew and cessation of movements coupled by bad weather conditions.

The extension resulted in cost to the consultants of Kshs.24,064,360 with Kshs.6,425,000 being spent on the contractor's contingency and the remainder balance of Kshs.19,661,080 being deemed as variation and representing 23.98% of the contract price of Kshs.81,983,000. The above are indicative of inefficiencies in the contract management and administration.

It was however, noted that the project is behind schedule with progress at 50% as at 30 June, 2020 against the contract time elapse of 97.5%.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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 overall 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 going concern basis of accounting unless Management is aware of the intention to liquidate the Authority or cease operations.

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 control that are identified during the audit.

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 October, 2021

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Report and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30TH JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Road Maintenance Contributions	6	22,239,820,099	21,573,916,667
Fines, penalties and levies	7	817,141,339	735,405,835
Transfers from Development Budget Grants	8(a)	411,981,490	1,213,631,100
		23,468,942,928	23,522,953,602
Revenue from exchange transactions			
Rental revenue from facilities and equipment	9	1,171,000	1,168,500
Finance income - external investments	10	686,180,035	728,448,180
Other income	11	33,416,536	92,055,871
		720,767,571	821,672,551
Total Revenue		24,189,710,499	24,344,626,153
Expenses			
Road Maintenance and Axle Load Expenses	12	16,907,924,187	20,376,069,936
Employee costs	13	1,743,166,342	1,709,585,818
Directors' Expenses	14	65,936,203	85,915,860
Depreciation and amortization expense	15	196,990,843	215,559,392
Repairs and maintenance	16	111,196,690	122,782,700
Transfers from Development Budget Grants	8(a)	411,981,490	1,213,631,100
Field activities	17	120,131,544	155,377,981
Stationary & Consumables	18	16,870,964	22,454,165
Cleaning & Sanitation	19	18,273,890	12,239,278
Rent & Rates	20	43,140,195	90,043,897
Security Costs	21	55,793,214	46,652,556
Professional fees	22	68,493,685	77,747,986
Conference & Seminars	23	52,069,517	62,123,550
Administration & General expenses	24	66,057,622	75,345,477
Finance costs	25	4,708,546	3,872,688
Total expenses		19,882,734,932	24,269,402,384
Other gains/(losses)			
Gain on sale of assets	26	2,428,256	17,759
Provision for doubtful debtors	27	-	(21,594,446)
Loss on foreign exchange transactions	28	(1,064,753)	(718,265)
Profit on foreign exchange translations	29	2,043,627	982,181
Surplus before tax		4,310,382,698	53,910,998
Taxation	30	(211,538,660)	(215,541,488)
Surplus/(Deficit) for the year		4,098,844,038	(161,630,490)

The notes set out on pages 7 to 40 form an integral part of these Financial Statements


KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Report and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	31	22,067,842,204	12,216,998,016
Receivables from exchange transactions	32	4,705,114,876	3,513,089,446
Receivables from non-exchange transactions	33	18,196,392,359	14,944,630,197
Inventories	34	6,490,763	5,956,798
		44,975,840,202	30,680,674,457
Non-current assets			
Property, plant and equipment	35	494,762,290,598	440,797,434,562
Intangible assets	36	133,399,703	122,727,645
Long term receivables from exchange transactions	37	37,125,000	61,875,000
		494,932,815,301	440,982,037,207
Total assets		539,908,655,503	471,662,711,664
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	38	36,849,491,761	56,630,579,429
Refundable deposits from customers	39	151,283,735	152,095,409
Provisions	40	229,537,472	166,374,146
Taxation	41	270,960,257	165,900,248
		37,501,273,225	57,114,949,232
Total liabilities		37,501,273,225	57,114,949,232
Net assets		502,407,382,278	414,547,762,432
Reserves		487,135,422,407	403,397,435,151
Accumulated surplus		15,271,959,871	11,150,327,281
Total net assets and liabilities		539,908,655,503	471,662,711,664

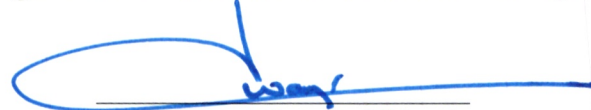
The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Director General
Eng. Peter M. Mundinia, EBS



Director Corporate Services
CPA James Bowen
 ICPAK Member Number: 7842




Chairman of Board of Directors
Eng. Wangai Ndirangu, MIEK, RCE

Date...^{5th} April, 2021

Date...^{5th} April, 2021

Date...^{5th} April, 2021


Deputy Director (Finance & Accounts)
CPA. Chanje Kera
 ICPAK Member No. 8279

Date...^{5th} April, 2021

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STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2020

	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2018	11,311,957,771	356,556,025,115	367,867,982,886
Deficit for the year	(161,630,490)	-	(161,630,490)
Capital/Development grants received during the year	-	46,841,410,036	46,841,410,036
At June 30, 2019	11,150,327,281	403,397,435,151	414,547,762,432
At July 1, 2019	11,150,327,281	403,397,435,151	414,547,762,432
Surplus for the year	4,098,844,038	-	4,098,844,038
Transfers to accumulated surplus	22,788,553	-	22,788,553
Capital/Development grants received during the year	-	83,737,987,256	83,737,987,256
At June 30, 2020	15,271,959,871	487,135,422,407	502,407,382,278

KENYA NATIONAL HIGHWAYS AUTHORITY
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For the year ended June 30, 2020

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Road Maintenance Contributions		22,239,820,099	21,573,916,667
Fines, penalties and levies		817,141,339	735,405,835
Transfers from other Development Budget Grants		411,981,490	1,213,631,100
Finance income		686,180,035	728,448,180
Other income, rentals and agency fees		36,631,163	71,893,842
Total Receipts		24,191,754,126	24,323,295,624
Payments			
Compensation of employees		1,743,166,342	1,709,585,818
Road Maintenance and Axle Load Expenses		16,907,924,187	20,376,069,936
Finance cost		4,708,546	3,872,688
Rent paid		43,140,195	90,043,897
Taxation paid		211,538,660	215,541,488
Other payments		575,888,082	660,639,553
Transfers from other Development Budget Grants		411,981,490	1,213,631,100
Total Payments		19,898,347,502	24,269,384,480
Net cash flows from operating activities	42	4,293,406,624	53,911,144
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(54,173,085,340)	(68,605,608,281)
Proceeds from sale of property, plant and equipment		2,994,661	33,600
Decrease in current receivables		(4,443,787,590)	13,633,018,219.00
Increase in long term receivables		24,750,000	(61,875,000.00)
Decrease/(increase) in provision for doubtful debts		22,788,550	-
Increase in trade and other payables		(19,676,839,334)	11,491,075,884
Increase in Inventory		(533,965)	(1,724,784)
Increase in provisions		63,163,326	116,430,971
Net cash flows used in investing activities		(78,180,549,692)	(43,428,649,391)
Cash flows from financing activities			
Proceeds from Exchequer/Development Partners		83,737,987,256	46,841,410,036
Net cash flows used in financing activities		83,737,987,256	46,841,410,036
Net increase/(decrease) in cash and cash equivalents		9,850,844,188	3,466,671,789
Cash and cash equivalents at 1 JULY	31	12,216,998,016	8,750,326,227
Cash and cash equivalents at 30 JUNE	31	22,067,842,204	12,216,998,016

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

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Road Maintenance Contributions	23,131,300,000	5,225,432,313	28,356,732,313	22,239,820,099	(6,116,912,214)	(a)
Fines, penalties and levies	415,000,000	304,000,000	719,000,000	817,141,339	98,141,339	(b)
Transfers from other Development Budget Grants	411,981,490	-	411,981,490	411,981,490	-	
Finance Income	200,000,000	196,980,000	396,980,000	686,180,035	289,200,035	(c)
Gains on disposal, rental income and agency fees	4,500,000	-	4,500,000	39,059,419	34,559,419	(d)
Total income	24,162,781,490	5,726,412,313	29,889,193,803	24,194,182,382	(5,695,011,421)	
Expenses						
Compensation of employees	2,414,749,189	(457,450,480)	1,957,298,709	1,743,166,342	214,132,367	(e)
Road Maintenance and Axle Load Expenses	20,256,400,000	5,347,412,313	25,603,812,313	16,907,924,187	8,695,888,126	(f)
Finance cost	4,013,603	826,473	4,840,076	4,708,546	131,530	
Rent paid	45,250,000	(2,050,000)	43,200,000	43,140,195	59,805	
Taxation paid	-	-	-	211,538,660	(211,538,660)	
Other payments	1,030,387,208	(168,216,992)	862,170,216	772,878,924	89,291,291	(g)
Transfers from other Development Budget Grants	411,981,490	-	411,981,490	411,981,490	-	
Total expenditure	24,162,781,490	4,720,521,314	28,883,302,804	20,095,338,344	8,787,964,459	
Surplus for the period	-	1,005,891,000	1,005,891,000	4,098,844,038	3,092,953,038	

Budget notes

a) Road Maintenance Levy Fund & Transit Tolls

The fuel levy budget includes a carryover of Kshs.6, 405,996,167 approved by the Board of Directors on 7th November, 2019. Further the budget ceiling was revised on 29th January 2020.

Budget notes(Continued)

b) Fines, Penalties & Levies

Most of the income was overload fees and exemption permits. The installation of virtual weighbridges contributed to the increase in overload fees.

c) Finance Income

The Authority continued to invest in call deposits and interest earned on bank account balances and endeavoured to negotiate the best rates in the market. The Authority ceased to invest in Treasury Bills in January 2020 following a directive from the Office of the President.

d) Other Income

The source of these incomes is mainly liquidated damages recovered from South Horr-Laisamis, North Horr-Darthe, Kinango-Mariakani, Wote-Makindu, Mutomo-Kitui, Loiyangalani-North Horr, Sarimo-Loiyangalani and Kyumvi-Syongila road projects.

e) Employee costs

The budget variance was due to the fact that staff training, travel and recruitment was slowed down by the restriction in movement as a result of Covid 19 pandemic.

f) Road maintenance and axle load expenses

The variance was as a result of some projects not exhausting their budget due to a combination of various factors among them challenges encountered due to COVID – 19 Pandemic containment measures that resulted in some project experiencing slow progress. There was also delay in award of the 2nd and 3rd Quarter tenders due to the additional requirement of conducting due diligence of all bidders.

g) Other Payments

The authority endeavoured to keep the expenses to minimal, the reduction in activities during the fourth quarter as a result of the Covid 19 pandemic contributed to the variance.

h) Changes between Original and Final budget.

The changes between original and final budget were as a result of revision of the budget within the Financial Year, inclusion of the approved carry over budget from Financial Year 2018-2019 and the rationalization of the operations budget to fund development projects.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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: <ul style="list-style-type: none"> • 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

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Standard	Effective date and impact:
	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	<p>Applicable: 1st January 2022</p> <p>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:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>

ii. Early adoption of standards

The entity did not adopt any new or amended standards in year 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fines, penalties & Levies

The entity recognizes revenues from fines, penalties and levies 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 entity and the fair value of the asset can be measured reliably.

Transfers from Development Budget Grants-Recurrent Revenue/Expenditure

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds)

ii) Revenue from exchange transactions

Interest and other incomes

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. Other income relates to incomes that arise from miscellaneous activities that are not primarily aimed at raising revenue.

b) Budget information

The original budget for FY 2019-2020 was approved by the board on 29th January 2019. 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs.5,726,412,313 on the 2019-2020 budget following the governing body's approval.

The annual budget is prepared on the accrual basis where all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there is no basis for timing differences on the Authority that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

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

KENYA NATIONAL HIGHWAYS AUTHORITY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

d) Property, plant and equipment

- All property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. 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 is calculated on straight line basis at annual rates estimated to write off the cost of the Asset over expected useful lives.

The annual depreciation rates in use are: -

Computer Equipment & Accessories	33.3%
ICT Infrastructure and Telephony	33.3%
Motor Vehicles	25.0%
Office Equipment and Furniture	12.5%
Office Partitioning and fixtures	16.7%
Plant & Machinery	10.0%
Buildings	2.5%

- An item of property and equipment is de-recognised upon disposal. Any gain or losses on de-recognition of the asset is included in the Statement of Financial Performance in the year the asset is de-recognised.
- There are no restrictions on property, plant and equipment
- Contractual commitments for the acquisition of property, plant & equipment in the FY 2019/2020 amounted to Kshs.299,380,036,348 [2018/2019 Kshs.135,653,756,594]
- There was no compensation from third parties for impaired, lost or given up items of PPE
- Assets that cost Kshs.734m and Kshs.505m were fully depreciated as at 30.06.2020 and 30.06.2019 respectively

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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

e) Leases

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.

Non-cancellable operating lease rentals are payable as follows;

	<u>2020</u>	<u>2019</u>
	<u>Kshs</u>	<u>Kshs</u>
Not Later than one year	-	82,710,701
Later than one year and not later than three years	-	165,421,402
	-	<u>248,132,103</u>

Lease payments are increased according to the contract stipulations. The Board does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognised in the statement of financial performance.

f) 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. 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 only intangible assets in the Authority's books of accounts are computer software.

The useful life of these intangible assets is assessed as indefinite.

g) Research and development costs

The Authority expenses research costs as incurred.

h) Financial instruments

Financial Assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset

(an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset can be reliably estimated.

Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) 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 condition is accounted for.

After initial recognition, inventory is measured at the lower of cost and current replacement cost. 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.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

j) 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.

k) 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 not remote.

l) 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

m) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains grants and surplus reserves. The grant reserves are exchequer and donor funds received from the Government and Development Partners for development of roads. The surplus reserve represents the surplus or deficit of Road maintenance contributions and other internally generated funds against road maintenance and operation expenses. The exchequer and Development partner funds are capitalized in the statement of financial position whereas Road maintenance contributions are expensed in the statement of financial performance. However, the portion of exchequer funds spent on non-capital items or project expenses is transferred to recurrent transfers and treated as recurrent government grants and expenditures accordingly.

n) 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.

o) Employee benefits - Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into a separate fund account, 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.

p) 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)

q) Related parties

The Authority regards a related party as a person 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 Board and senior managers.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

s) Comparative figures

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

t) Subsequent events

There have been events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION OF 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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market

NOTES TO THE FINANCIAL STATEMENTS (Continued)

changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur as per IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Authority

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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.

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2020****NOTES TO THE FINANCIAL STATEMENTS (Continued)****6. ROAD MAINTENANCE CONTRIBUTIONS**

Description	2019-2020	2018-2019
	KShs	KShs
Road Maintenance funds	18,840,100,098	18,388,916,667
Administration & Operations Fund	2,752,920,000	2,646,000,000
Transit Toll	646,800,001	539,000,000
Total Road Maintenance Contributions	22,239,820,099	21,573,916,667

4. FINES, PENALTIES AND LEVIES

Description	2019-2020	2018-2019
	KShs	KShs
Overload charges	447,044,635	414,222,950
Transgression charges	5,106,820	7,854,864
Weighbridge Parking fees	10,416,840	5,493,330
Road Cutting charges	56,121,372	60,651,373
Road Reserve user fees	6,531,893	7,113,678
Exemption permit fees*	291,855,779	239,980,340
Sale of Tender Documents	64,000	89,300
Total Fines, Penalties & Levies	817,141,339	735,405,835

*The increase in Exemption permit fees was as a result of the automation of exemption permits application.

8(a). TRANSFERS FROM DEVELOPMENT BUDGET GRANTS-RECURRENT REVENUE

Description	2019-2020	2018-2019
	KShs	KShs
Northern Corridor Transport Improvement Project	10,218,281	1,432,739
North Eastern Transport Improvement Project	21,488,925	24,543,693
East African Trade & Transport Facilitation Project	1,452,300	2,939,851
Kenya Transport Sector Support Project	45,272,231	82,709,232
Nuno-Modogashe	-	3,598,118
South Sudan –EARTTDFP/SS	37,723,018	71,097,877
Mombasa by-pass	16,427,087	8,814,540
Nairobi Urban Transport Improvement Project	8,044,500	7,590,942
Nairobi-Thika Highway	932,441	4,186,787
Nairobi Western bypass	1,166,050	1,202,200

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
8(a). TRANSFERS FROM DEVELOPMENT BUDGET GRANTS-RECURRENT REVENUE
(Continued)

Description	2019-2020	2018-2019
	KShs	KShs
Consultancy & Design	2,015,190	8,237,832
Road Reserve Mapping	30,110,580	18,240,561
Road Network Management System	2,973,532	7,000,343
Monitoring & Evaluation	71,223,357	32,019,839
Dualling of Mombasa-Mariakani	13,067,114	32,630,223
Mwatate-Taveta	2,128,536	982,020
Merille-Marsabit	92,400	52,900
Turbi-Moyale	63,000	-
Isebania-Mukuyu-Kisii-Ahero	10,961,420	18,884,919
Kibwezi-Kitui-Isiolo	3,146,900	19,692,377
Kangema-Gacharage	-	3,001,500
Rumuruti-Maralal	98,000	354,200
Chebilat-Ikonge-Chabera	1,525,333	5,907,741
Kehancha-Migori-Muhuru	-	4,200,836
Eldoret by-pass	2,264,990	7,783,511
Kitale-Endebbes-Suam	3,446,300	16,819,928
Sotik-Ndanai-Gorgor	-	889,800
Garsen-Witu-Lamu	659,450	12,158,769
Mariakani –Kilifi*	44,792,650	736,211,615
Changamwe-Magongo	3,411,270	17,390,846
Uplands-Githunguri-Ngewa	643,540	4,359,339
Mau Summit-Kericho	-	4,178,384
Thika-Kenol-Marwa-Nyeri	7,490,632	4,011,743
Nairobi-Nakuru	8,019,787	666,900
Mombasa-Malindi	9,047,047	158,125
Naivasha-Njabini	3,491,950	-
Magumu-Njabini	2,456,425	-
Thika-Magumu	19,097,426	-
Other Development Projects	27,029,828	49,680,870
Total Transfers from Development Budget Grants-Recurrent Revenue/Expenditure	411,981,490	1,213,631,100

**The material variance for transfers from Development Budget Grants was as a result of an expenditure for Kshs. 732,366,215 in FY 2018-2019 which relates to the re-negotiated arbitration award to Dhanjal Brothers Ltd following the termination of Mariakani-Kilifi Road project.*

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2020****NOTES TO THE FINANCIAL STATEMENTS (Continued)****8(b). TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount recognised in capital fund.	Total grant income during the year	2018-2019
	KShs	KShs	KShs	KShs
MOTIHU & PW	411,981,490	44,253,906,897	44,665,888,387	19,832,060,923
KRB	22,239,820,099	7,784,479,902	30,024,300,001	22,623,916,667
Total	22,651,801,589	52,038,386,799	74,690,188,388	42,455,977,590

9. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020	2018-2019
	KShs	KShs
Straight-lined operating lease receipts	1,171,000	1,168,500
Total rentals	1,171,000	1,168,500

10. FINANCE INCOME - EXTERNAL INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Interest on Call deposits and 91 day treasury bills	330,030,544	355,359,972
Interest on Bank Accounts Balances	356,149,491	373,088,208
Total finance income – external investments	686,180,035	728,448,180

11. OTHER INCOMES

Description	2019-2020	2018-2019
	KShs	KShs
Liquidated damages	31,551,396	90,572,597
Laboratory fees, Training levy refund & Guard rails penalty, sale of disposable items.	1,752,527	1,419,444
Interest on salary advance	112,613	63,830
Total other income	33,416,536	92,055,871

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2020****NOTES TO THE FINANCIAL STATEMENTS (Continued)****12. ROAD MAINTENANCE AND AXLE LOAD EXPENSES**

Description	2019-2020	2018-2019
	KShs	KShs
Road maintenance expenses	15,040,238,973	18,517,247,037
Emergency Road Works	436,478,346	495,571,701
Weighbridges Management Contracts*	1,371,676,390	1,320,098,283
Weighbridge Operational Expenses**	59,530,478	43,152,915
Total Road Maintenance & Axle Load Expenses	16,907,924,187	20,376,069,936

*The increase in Weighbridge Management Contract expenses was as a result of the operationalization of the Dongo Kundu weighbridge station.

**The increase in Weighbridge Operational Expenses was as a result of enhanced monitoring by the Axle Load Enforcement & Highways Control Unit operations.

13. EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	1,299,273,526	1,293,345,495
Employee related costs - contributions to pensions and medical aids	143,260,841	223,396,836
Travel, motor car, accommodation, subsistence and other allowances	170,843,738	46,358,669
Training and Subscription	103,425,940	112,019,013
Staff Welfare	25,847,264	27,594,516
Recruitment	515,033	6,871,289
Total Employee costs	1,743,166,342	1,709,585,818

14. DIRECTORS' EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	720,000	960,000
Directors emoluments	20,258,459	21,227,138
Transport, Travelling & Accommodation	7,910,315	25,654,596
Insurance	292,710	212,055
Training	18,846,029	16,593,617
Refreshments	346,380	311,510
Overseas Travelling & Accommodation	8,869,832	18,911,407
Ministerial and Other Official functions	8,629,478	1,961,537
Telephone	63,000	84,000
Total directors' emoluments	65,936,203	85,915,860

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, Plant and Equipment		
Office Equipment	11,199,597	10,729,042
Office Partitions and Fixtures	1,380,368	3,240,414
Computer Equipment and Accessories	17,954,441	15,420,608
ICT Infrastructure and Accessories	11,925,883	9,159,955
Furniture and Fittings	4,335,198	4,087,122
Motor Vehicles	43,787,366	67,558,938
Plant and Machinery	101,141,265	101,141,265
Buildings	5,266,725	4,222,048
Total depreciation and amortization	196,990,843	215,559,392

16. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property, Plant and Equipment	7,011,051	5,330,604
Vehicles	86,829,231	86,078,630
Renewals	17,356,408	31,373,466
Total repairs and maintenance	111,196,690	122,782,700

17. DEPARTMENTAL FIELD ACTIVITIES

Director General	10,839,512	8,739,415
Road Asset & Corridor Management	43,840,469	43,448,510
Policy Strategy & Compliance	13,419,005	24,859,301
Highway Planning & Design	7,441,516	8,521,631
Development	12,323,164	24,399,028
Audit Services	5,486,601	6,308,255
Corporate Services	21,535,243	29,447,012
Legal	1,842,469	2,762,330
Procurement	3,403,565	6,892,499
Total Departmental Field Activities	120,131,544	155,377,981

18. STATIONARY & CONSUMABLES

Headquarters	10,217,005	16,998,880
Regional Offices	6,653,959	5,455,285
Total Stationery & Consumables	16,870,964	22,454,165

19. CLEANING & SANITATION

Headquarter	7,433,600	4,965,724
Regions	10,840,290	7,273,554
Total Cleaning & Sanitation	18,273,890	12,239,278

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2020****NOTES TO THE FINANCIAL STATEMENTS (Continued)****20. RENT & RATES**

Office Space	41,740,589	77,812,569
Parking	1,399,606	12,231,328
Total Rent & Rates	43,140,195	90,043,897

The Authority relocated from Blueshield Towers to owned Barabara plaza in July 2019 thus the decrease in rent and rates from the FY 2018/2019. The Rent & rates expense for FY 2019/2020 relates to rent of office space and service charge for Blue shield towers for the months of July to October 2019 during relocation, reinstatement and handing over of space at BlueShield Towers.

21. SECURITY COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Headquarter*	12,968,504	3,758,569
Nairobi	2,405,595	1,787,427
Central	5,281,033	4,437,290
Coast	7,202,633	6,730,243
Lower Eastern	3,887,688	4,816,900
North Eastern	854,327	1,153,659
Nyanza	7,795,076	7,966,453
North Rift	2,114,496	3,171,658
Upper Eastern	3,256,380	2,597,090
Western	3,676,342	4,220,160
South Rift	6,351,140	6,013,107
Total Security Costs	55,793,214	46,652,556

*The Authority engaged National Youth Service security personnel and Administration police to man Barabara Plaza upon relocation in July 2019 thus the significant increase in security cost for HQ. Barabara Plaza covers a wide area compared to Blue Shield Towers and security services are offered in all areas including the gates and receptions. The security costs were apportioned among the four Agencies occupying the plaza

22. PROFESSIONAL FEES

Audit Fees*	4,200,000	3,000,000
Legal Fees**	38,699,524	22,225,868
Consultancy-ISO Activities***	7,132,596	20,400,018
Consultancy-Others ****	18,461,565	32,122,100
Total Professional Fees	68,493,685	77,747,986

*The Office of the Auditor General reviewed the Audit fees upwards from Kshs 3m in previous years to Kshs.3.6m in FY 2019/2020. The additional 0.6m was to top up audit fees for FY 17/18 which had earlier been provided at Kshs.3m

**The legal fees expenses for the period relates to cases of relatively high fees as compared to the FY 2018/2019 thus the significant increase. These include Adjudication between Roacon Jimbiri &

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2020****NOTES TO THE FINANCIAL STATEMENTS (Continued)****22. PROFESSIONAL FEES (Continued)**

KeNHA, PPARB 38 of 2020-Roben Aberdares Ltd Vs KeNHA , PPP Negotiations- JKIA-James Gichuru Expressway, SBI International Holdings(Kenya) Vs KeNHA among others.

****ISO activities did not take place in the FY 2019/2020 as planned due to the restriction in movement as a result of the Covid 19 pandemic thus the decrease in expenses from the FY 2018/2019.*

*****Consultancy activities slowed down in the FY 2019/2020 due to the restriction in movement as a result of the Covid 19 pandemic thus the decrease in expenses from the FY 2019/2020*

23. CONFERENCES & SEMINARS

Description	2019-2020	2018-2019
	KShs	KShs
Director General	2,354,642	4,179,704
RA & CM	8,399,069	9,676,948
Policy Strategy & Compliance	8,583,027	4,873,416
Highway Planning & Design	10,685,265	11,610,626
Development	3,436,217	2,632,219
Corporate Services	13,906,377	21,852,017
Legal	329,924	1,112,093
Procurement	2,180,771	3,197,588
Audit Services	2,194,225	2,988,939
Total Conferences & Seminars	52,069,517	62,123,550

24. ADMINISTRATION & GENERAL EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Advertising	28,385,748	39,079,252
Anti- Corruption and Integrity Issues	2,989,706	8,676,530
Staff Uniforms	-	388,200
Utilities	9,505,654	3,035,054
Insurance	1,299,575	1,624,162
Postage	2,119,578	817,495
Reference material	327,796	143,480
Printing and photocopying	1,442,291	1,329,402
Hire charges	176,656	1,306,015
Kitchen Utensils	262,355	280,645
Telecommunication	14,639,204	14,010,439
Newspapers and Magazines	2,678,682	3,073,009
Drinking Water	2,230,376	1,581,794
Total Administration & General expenses	66,057,621	75,345,477

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Bank charges*	4,708,546	3,872,688
Total finance costs	4,708,546	3,872,688

**The finance costs increased due to the increase in the number of bank transactions during the period.*

26. GAIN ON SALE OF ASSETS

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	2,428,256	17,759
Total gain on sale of assets	2,428,256	17,759

27. PROVISION FOR DOUBTFUL DEBTORS

Description	2019-2020	2018-2019
	KShs	KShs
Provision for doubtful debtors	-	21,594,446
Total provision for doubtful debtors	-	21,594,446

28. LOSS ON FOREIGN EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Loss on foreign exchange transactions	1,064,753	718,265
Total loss on foreign exchange transactions	1,064,753	718,265

29. PROFIT ON FOREIGN CURRENCY TRANSLATION

Description	2019-2020	2018-2019
	KShs	KShs
Profit on foreign currency translation	2,043,627	982,181
Total profit on foreign currency translation	2,043,627	982,181

30. TAXATION

Description	2019-2020	2018-2019
	KShs	KShs
Gross Interest Income Earned	709,857,725	722,344,312
Less: Expenses: Bank Charges	(4,728,834)	(3,872,688)
Net Taxable Interest Income	705,128,891	718,471,624
Corporate Tax (30%) - Income tax expense reported in the statement of financial performance	211,538,660	215,541,488

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2020****NOTES TO THE FINANCIAL STATEMENTS (Continued)****31. (a) CASH AND CASH EQUIVALENTS**

Description	2019-2020	2018-2019
	KShs	KShs
Current account	18,244,905,363	8,098,032,805
On - call deposits	3,821,931,246	4,118,049,700
Others(Cash in Hand)	1,005,595	915,511
Total cash and cash equivalents	22,067,842,204	12,216,998,016

31.(b). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
a) Current account			
NCBA Bank -NCTIP A/C)	1-110-000895	54,470,440	52,201,237
NCBA Bank -EATTFP A/C	1-110-000985	11,137,893	10,674,014
NCBA Bank -Timboroa-Eldoret Road A/C	1-110-001311	17,223,562	16,506,222
NCBA Bank -KTSSP A/C	1-110-001524	7,095,082	399,163,910
NCBA Bank -Marsabit- Turbi Road A/C	1000015004	2,961,077	2,893,752
NCBA Bank -USD A/C	1001936677	25,295,048	22,299,521
NCBA Bank-NETIP	1005164164	31,379,794	386,634
Co-operative Bank-GoK	01141160979900	4,288,496,457	3,120,396,978
Co-operative Bank-RMLF	01141160979901	9,355,609,323	1,429,901,491
National Bank – Salaries A/C	01001-326625	78,914,771	93,649,904
National Bank – Gratuity A/C	01001-327333	315,289,279	133,633,965
National Bank – Retention A/C	01001-327332	2,572,704,380	933,312,013
National Bank – EARTTDFE- A/C	01001032662501	168,565,965	8,356,111
National Bank-Sirari Corridor	0100113351150	27,771,750	-
KCB Bank-Operations A/C	1110623704	370,936,842	1,325,244,333
KCB Bank-NUTRIP A/C	1138238945	7,923,623	7,728,398
KCB Bank-Nairobi Region	1114840149	110,329,314	109,932,435
KCB Bank-Coast Region	1114772089	30,839,763	29,895,097
KCB Bank-South rift Region	1114781592	25,286,855	23,797,827
KCB Bank-North Eastern Region	1114751928	6,004,338	7,873,531
KCB Bank- North rift Region	1114793272	5,123,808	8,298,129
KCB Bank-Central Region	1114745707	25,728,450	20,350,396
KCB Bank-Upper Eastern Region	1114752045	13,952,925	14,024,092
KCB Bank- Lower Eastern Region	1114756326	19,569,242	18,796,711
KCB Bank-Nyanza Region	1114756229	15,722,632	18,471,249
KCB Bank-Western Region	1114774405	26,236,556	18,710,338
Equity Bank-Headquarters A/C	0810295139897	630,336,194	271,534,517
Sub- total		18,244,905,363	8,098,032,805
b) On - call deposits			
KCB Bank	1134650795	1,721,931,246	1,000,000,000
Co-operative Bank	0115016097990	1,000,000,000	700,000,000
National Bank	01329032733212	300,000,000	300,000,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31(b). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS(Continued)

		2019-2020	2018-2019
Financial institution	Account number	KShs	KShs
Current account			
NCBA Bank	1003680278	500,000,000	500,000,000
Equity Bank	0810374050817	300,000,000	300,000,000
Central Bank of Kenya	138217-1	-	1,279,924,700
SBM/Chase Bank	0053061735030	-	38,125,000
Sub- total		3,821,931,246	4,118,049,700
c) Others(specify)			
cash in hand		1,005,595	915,511
Sub- total		1,005,595	915,511
Grand total		22,067,842,204	12,216,998,016

32. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Interest receivable on call deposits	20,847,768	44,516,022
Travel Imprest	1,479,493	6,647,226
Bank guarantee and Deposits	26,250,257	25,348,780
Advertising receivables	753,300	289,268,586
Staff Mortgage deposit fund with Housing Finance Company of Kenya	570,998,108	551,099,014
Road Maintenance Funds	4,046,979,902	-
Exchequer Funds	-	2,898,956,000
Debtors and Prepayments	36,821,790	33,560,957
Receivable from Unipolar Insurance Brokers Ltd	500,000	500,000
Receivable from Kenya Rural Roads Authority	7,490,042	-
Receivable from Engineers Board of Kenya	2,508,163	-
Receivable from Kenya Urban Roads Authority	3,614,353	-
Receivable from SBM	12,375,000	-
Sub Total	4,730,618,176	3,849,896,585
Less:Provision for doubtful debtors	(25,503,300)	(336,807,139)
Total current receivables	4,705,114,876	3,513,089,446

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2020****NOTES TO THE FINANCIAL STATEMENTS (Continued)****33. RECEIVABLES FROM NON-EXCHANGE CONTRACTS**

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Other debtors (non-exchange transactions)		
a. Development projects		
Chiakariga - Mitunguu-Meru	-	38,424,474
Chebilat - Ikonge-Chabera	-	175,076,689
Kangema - Gacharage	-	63,999,951
Masara – Suna - Kehancha/Awendo Mariwa	-	4,674,633
Mombasa Port Area Devt Road III	-	405,456,986
Kisumu Boys-Mamboleo	-	40,750,664
Mwatate-Taveta	-	12,166,121
Dualling of Magongo	284,722,033	448,818,224
Posta(Naibor)-Maralal	181,216,816	268,925,268
Eldoret Bypass	832,407,799	903,025,368
Kitale-Endebes-Suam	795,554,027	795,554,027
Kitale-Morpus	16,141,086	-
KWS Gate-Kalemigorok	-	21,853,062
Footbridge Witeithie-Mangu	-	26,539,729
Wajir-Kotulo	-	16,299,682
Kotulo-Elwak	6,965,900	16,643,848
Nuno-Modogashe	14,121,482	14,123,682
Kaleminjorok-Lokichar	-	26,487,369
Lokichar-Amosing	14,727,932	19,727,933
Mombasa-Kwa Jomvu	411,393,204	875,429,092
Narok-Sekenani	-	78,257,735
Kainuk bridge & Approach Roads	15,739,529	161,055,848
Garsen-Witu-Lamu	-	752,830,890
Nyaru-Iten(C53)	180,549,334	241,145,745
Busia-Malaba	-	46,982,673
Isebania-Kisii-Ahero	1,738,496,951	3,133,890,796
Lodwar-Lakitaung	-	710,540,678
Athi River -Machakos Turn Off	419,551,848	460,826,815
Loichangamatak-Lodwar	525,188,555	895,372,338
Loichangamatak-Lokichar	870,122,806	-
Lokitaung-Kalobeiyei	630,853,805	1,093,287,914
Kalobeiyei-Nadapal	799,167,987	1,016,114,481
James Gichuru-Rironi	1,600,241,296	1,636,658,656
Lamu Link Road	159,194,362	231,089,741
Footbridge KSMS & Garden City	-	36,795,179
Ugunja-Ukwala Ruambwa	-	58,133,424
Four Foot Bridges on Thika road	43,559,632	-
Busia-Malaba	10,081,508	-
Narok-Mau Narok-(C57)	34,012,360	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. RECEIVABLES FROM NON-EXCHANGE CONTRACTS(Continued)

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Other debtors (non-exchange transactions)		
a) Development projects(Continued)		
Uplands-Githunguri-Ngewa- (C65)	302,627,165	-
Naivasha-Njabini-(C67)	1,051,294,985	-
Thika-Magumu	206,653,461	-
T-Mall Flyover	421,946,348	
Njabini-Kinyona	317,904,648	-
Mombasa Road & Langata Road Footbridges	225,582,499	-
Mombasa Southern bypass	5,252,776,897	-
Sub Total	17,362,796,255	14,726,959,715
b. Road Maintenance Projects		
Kericho-Mau Summit	7,013,999	14,027,997
Webuye-Maili Tisa	3,324,893	14,249,543
Nyahururu-Naivasha Interchange	10,421,749	23,301,713
Bhangaley-Madogo A3 Road	17,681,996	24,465,263
Tsavo River-Voi A8 Road	19,026,982	50,960,641
Mtito Andei –Tsavo River A8 Road	33,660,415	53,144,750
Homa Bay-Rongo	30,520,575	37,520,575
Virtual Weighbridge	88,660,499	-
Lodwar-Kalakol	53,236,928	-
Njoro Inc. C56-Jnc.B3 Narok(C57)	28,422,563	-
Vihiga-Kitale(A1)	20,992,994	-
Maili Tisa-Malaba(A8)	41,147,674	-
Nairobi-Ruaka-Limuru(C62)	52,558,953	-
Kyumvi-Sultan Hamud(A8)	54,434,453	-
Eldoret-Marigat(C51)	57,379,406	-
Emergency Road Maintenance	109,826,938	-
Bachuma Gate-Voi(A8)	32,972,701	-
Kamwosor Inc.C53-Jnc. B4 Kampi ya Moto(C56)	53,491,455	-
Sabasaba -Malindi(B8)	73,639,329	-
Nairobi Southern Bypass-Street Lighting	28,551,995	-
Jnc.C39 Chepterit-Turbo(C37)	16,629,607	-
Sub Total	833,596,104	217,670,482
Total current receivables from non-exchange transactions	18,196,392,359	14,944,630,197

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2020****NOTES TO THE FINANCIAL STATEMENTS (Continued)****34. INVENTORIES (Consumable stocks)**

Description	2019-2020	2018-2019
	KShs	KShs
Headquarters	4,826,237	4,173,855
Nairobi Region	154,457	142,680
Coast Region	74,550	64,939
Lower Eastern Region	151,112	167,286
Upper Eastern Region	248,960	323,657
North Eastern Region	134,996	209,059
South Rift Region	147,063	102,658
North Rift Region	187,474	203,098
Central Region	44,417	85,856
Western Region	219,518	184,565
Nyanza Region	301,979	299,145
Total inventories at the lower of cost and net realizable value	6,490,763	5,956,798

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Land	Motor vehicles	Furniture and fittings	Office Equipment	Office Partitions	Computers	ICT Infrastructure and Accessories	Plant and equipment	Capital Works in progress-Road Assets	Total
Cost	Shs		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	168,881,928	-	384,138,743	55,753,786	100,331,899	69,710,680	184,046,068	95,059,430	1,163,390,828	371,099,263,901	373,320,577,263
Additions	41,787,057	148,360,000	20,220,974	2,606,612	7,965,599	-	30,242,738	11,533,272	137,240,830	68,201,950,695	68,601,907,777
Disposals	-	-	-	(53,000)	(45,685)	-	(1,197,060)	(74,750)	-	-	(1,370,495)
At 30th June 2019	210,668,985	148,360,000	404,359,717	58,307,398	108,251,813	69,710,680	213,091,746	106,517,952	1,300,631,658	439,301,214,596	441,921,114,545
Additions	-	-	76,972,001	9,791,284	6,657,408	977,075	10,486,132	2,014,322	101,478,161	53,954,036,901	54,162,413,284
Disposals	-	-	(5,341,493)	(2,156,201)	(415,803)	(47,195,138)	(837,689)	-	-	-	(55,946,324)
At 30th June 2020	210,668,985	148,360,000	475,990,225	65,942,481	114,493,418	23,492,617	222,740,189	108,532,274	1,402,109,819	493,255,251,497	496,027,581,505
Depreciation and impairment											
At 1 July 2018	8,316,671	-	284,851,334	41,937,294	48,797,931	63,991,825	164,220,884	76,615,820	220,743,486	-	909,475,245
Depreciation	4,222,047	-	67,558,938	4,087,122	10,729,042	3,240,414	15,420,608	9,159,955	101,141,265	-	215,559,392
Disposals	-	-	-	(38,175)	(45,684)	-	(1,196,045)	(74,750)	-	-	(1,354,654)
At 30th June 2019	12,538,719	-	352,410,272	45,986,241	59,481,289	67,232,239	178,445,447	85,701,025	321,884,751	-	1,123,679,983
Depreciation	5,266,725	-	43,787,366	4,335,198	11,199,597	1,380,368	17,954,441	11,925,883	101,141,265	-	196,990,843
Disposals	-	-	(5,341,493)	(1,981,239)	(394,300)	(46,908,472)	(754,416)	-	-	-	(55,379,920)
At 30th June 2020	17,805,444	-	390,856,145	48,340,200	70,286,585	21,704,135	195,645,473	97,626,909	423,026,016	-	1,265,290,907
Net book values											
At 30th June 2020	192,863,541	148,360,000	85,134,080	17,602,281	44,206,833	1,788,482	27,094,716	10,905,365	979,083,803	493,255,251,497	494,762,290,598
At 30th June 2019	198,130,266	148,360,000	51,949,445	12,321,157	48,770,524	2,478,441	34,646,299	20,816,927	978,746,907	439,301,214,596	440,797,434,562

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year	122,727,645	119,027,141
Additions		
Customer Relationship Management system Implementation and training fees	-	1,782,804
Supply of 200 E1 email licences	-	1,917,700
Network server monitoring software & licence	2,862,938	-
Midas Civil Software(On Footbridges Lot 2 Thika Road)	7,809,120	-
	-	-
Total Additions	10,672,058	3,700,504
At end of the year	133,399,703	122,727,645
Additions–internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	133,399,703	122,727,645

37. LONG TERM RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Funds held in Fixed deposit account at SBM Kenya Ltd	12,375,000	37,125,000
Chase Bank(IR) funds held at Kenya Deposit Insurance Corporation	24,750,000	24,750,000
Total non-current receivables	37,125,000	61,875,000

38. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables		
Development Payables	28,704,375,998	51,219,097,140
Retention Payables	7,691,081,157	4,891,808,717
Road Maintenance Payables	340,151,730	401,704,541
Sundry Payables	113,882,876	117,969,031
Total Trade & Other Payables from Exchange Transactions	36,849,491,761	56,630,579,429

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39. REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2019-2020	2018-2019
	KShs	KShs
Road Cutting Deposits		
Nairobi Region	71,996,615	76,066,039
Central Region	24,149,176	16,403,309
South Rift Region	14,818,842	10,120,658
Lower Eastern Region	9,660,024	8,502,215
Nyanza Region	8,764,432	6,102,122
Coast Region	5,254,530	12,046,599
Upper Eastern Region	4,879,915	3,466,175
Western Region	4,625,720	2,230,220
North Rift Region	3,564,481	3,409,253
North Eastern Region	2,130,000	1,245,000
Headquarters	1,440,000	12,503,819
Total deposits	151,283,735	152,095,409

40. CURRENT PROVISIONS

Description	Leave provision	Gratuity provision	Audit fees provision	Total
	KShs	KShs	KShs	KShs
Balance b/d (1.07.2019)	69,896,295	90,477,851	6,000,000	166,374,146
Additional Provisions	13,591,882	50,732,771	4,200,000	68,524,653
Provision utilised	-	(1,761,327)	(3,600,000)	(5,361,327)
Total provisions as at 30.6.2020	83,488,177	139,449,295	6,600,000	229,537,472

41. TAXATION

Description	2019-2020	2018-2019
	KShs	KShs
Tax Liability	270,960,257	165,900,248
Total	270,960,257	165,900,248

42. CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus/(Deficit) for the year before tax	4,098,844,038	(161,630,490)
Adjusted for:		
Depreciation	196,990,843	215,559,393
Gains on disposal of assets	(2,428,257)	(17,759)
Net cash flow from operating activities	4,293,406,624	53,911,144

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	4,705,114,876	4,667,989,876	37,125,000	-
Receivables from non-exchange transactions	18,196,392,359	18,196,392,359	-	-
Bank balances	22,067,842,204	22,067,842,204	-	-
Total	44,969,349,439	45,003,065,371	37,125,000	-
At 30 June 2019				
Receivables from exchange transactions	3,513,089,446	3,161,945,860	61,875,000	289,268,586
Receivables from non-exchange transactions	14,944,630,198	14,944,630,198	-	-
Bank balances	12,216,998,016	12,216,998,016	-	-
Total	30,674,717,660	30,323,574,074	61,875,000	289,268,586

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from the Exchequer.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables	113,882,876	8,031,232,887	28,704,375,998	36,849,491,761
Provisions	-	-	229,537,472	229,537,472
Total	113,882,876	8,031,232,887	28,933,913,470	37,079,029,233
At 30 June 2019				
Trade payables	117,969,031	5,293,513,258	51,219,097,140	56,630,579,429
Provisions	-	-	166,374,146	166,374,146
Total	117,969,031	5,293,513,258	51,385,471,286	56,796,953,575

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 entity'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets			
Investments	-	-	-
Cash	22,042,547,156	25,295,048	22,067,842,204
Debtors	-	-	-
Total financial assets	22,042,547,156	25,295,048	22,067,842,204
Financial Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Total financial liabilities	-	-	-
Net foreign currency asset/(liability)	22,042,547,156	25,295,048	22,067,842,204

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk (Continued)

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total financial assets	-	-	-
Financial Liabilities			
Trade and other payables	-	-	=
Borrowings	-	-	-
Total financial liabilities	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant

Foreign currency sensitivity analysis (Continued)

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2020			
Euro	10%	-	-
USD	10%	-	-
2019			
Euro	10%	-	-
USD	10%	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point.

Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are 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 *entity* considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
At 30 June 2020				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-
At 30 June 2019				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year.

b) *Financial instruments not measured at fair value*

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) **Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2019-2020 Kshs	2018-2019 Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity 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.

Government of Kenya

The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry & its Agencies
- iii) Key management;
- iv) Board of directors;

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Total	-	-
b) Grants from the Government		
Grants from National Govt	47,564,844,387	23,401,246,546
Fuel levy funds from Kenya Roads Board	28,741,800,001	31,381,792,975
Total	76,306,644,388	54,783,039,521
c) Expenses incurred on behalf of other agencies		
Kenya Rural Roads Authority	7,490,042	-
Kenya Urban Roads Authority	3,614,353	-
Engineers Board of Kenya	2,508,163	-
Total	13,612,558	-
d) Key management compensation		
i) Directors' Emoluments	21,041,459	22,271,138
ii) Directors' Expenses	44,894,744	52,632,070
Compensation to the CEO	10,128,000	15,741,128
Compensation to key management	242,563,080	247,647,645
Total	318,627,283	338,291,981

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
Court cases against the authority	3,493,678,263	11,783,381,318
Unclaimed Interest on works and Land acquisitions	262,317,950	512,317,950
Unresolved contractual claims	5,000,000,000	7,500,000,000
Total	8,755,996,213	19,795,699,268

46. CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for	46,713,848,000	53,759,891,479
Authorised and contracted for	299,380,036,348	135,653,756,594
Total	346,093,884,348	189,413,648,073

47. TAXATION

	2019-2020	2018-2019
	Kshs	Kshs
At beginning of the year	165,900,248	58,710,408
Gross Interest Income Earned	709,857,725	722,344,312
Less:Expenses: Bank Charges	(4,728,834)	(3,872,688)
Net Taxable Interest Income	705,128,891	718,471,624
Income tax charge for the year (note 23)	211,538,660	215,541,487
Income tax paid during the year	(106,478,659)	(108,351,647)
Income tax outstanding at the end of the year	105,060,009	107,189,840
At end of the year	270,960,257	165,900,248

48. EVENTS AFTER THE REPORTING PERIOD

There was an adjusting event relating to write off of Kshs.289,268,586 relating to uncollectable receivables on Road Reserve revenue. This was written off as approved by the Board on 4th August, 2020.

49. ULTIMATE AND HOLDING ENTITY

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

50. CURRENCY

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

KENYA NATIONAL HIGHWAYS AUTHORITYReport and Financial Statements for the year ended 30th June 2020**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

BASIS FOR QUALIFIED OPINION Issue / Observations from Auditor	Management comments
<p>Property, Plant and Equipment - Undetermined Value of Rental Property</p> <p>The statement of financial position reflects Property, Plant and Equipment balance of Kshs.372,411,102,018; (2017-Kshs 315,677,638,402) and as disclosed under Note 27 of the financial statements. Available information indicates that this balance excludes value of land and houses occupied by staff in the South Rift region. Their value has not been determined despite the Authority reporting an annual income of Kshs. 1,211,500 during the year. The Ownership documents were not made available for audit. Consequently, the accuracy and completeness of Property, Plant and equipment balance of Kshs.372,411,102,018 as at 30 June 2018 could not be confirmed.</p>	<p>We agree with the audit observation that the value of land and houses occupied by some KeNHA staff at the South Rift Region is not included under the Property, Plant and Equipment whose value as at 30th June, 2018 was Kshs. 372 billion. This amount of Kshs. 372 billion represents Government's Development Expenditure through KeNHA for the eight year period from Financial Year 2009/2010 to end of Financial year 2017/2018 on 30th June, 2018. The houses where a few of KeNHA staff reside and rent collected amounting to Kshs. 1,173,500 during the financial year were built as Resident Engineer's premises under then Lanet-Nakuru - Njoro Turnoff road construction contract. The contract was managed by the Parent Ministry. The undetermined value of land and houses therefore relates to land previously acquired by the Government and payments made to the Contractor prior to the establishment of the Authority. These values alongside the development expenditures met by the Government over the years up to FY 2009/2010 in all trunk roads were not made available to the Authority.</p> <p>Management is currently developing a mechanism of obtaining ownership documents for all the land, structures and developments on the road, road reserves or former camps that are under the jurisdiction of KeNHA. Upon obtaining such title deeds, the Authority will proceed to the next stage of professionally establishing the values of its road network including all developments and structures on/ along its corridors, road reserves and camps. The values so established will be entered in the Authority's books of accounts as provided by <i>IPSAS 17 on Property, Plant and Equipment</i>.</p> <p>Section 51 of IPSAS 17 requires that <i>if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued</i> simultaneously. This therefore prevents the Authority from piece meal valuations and recognition of property, plant and equipment.</p>

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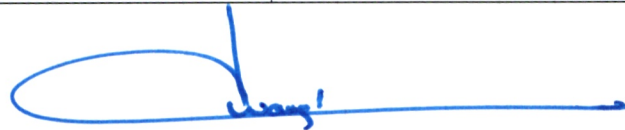
Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Director- Highway planning and Design	Ongoing. Currently the Authority has applied for Physical Development Plans from the respective county government to facilitate issue of titles and hence valuation of the land.	Next five years

<p>EMPHASIS OF MATTER</p> <p>Negative Working Capital.</p> <p>The statement of financial position reflects current assets and liabilities balances of Kshs. 40,845,296,104; (2017- Kshs. 40,021,627,608) and Kshs. 45,507,442,377; (2017- Kshs.26,625,629,243) respectively resulting into negative working capital of Kshs. 4,662,146,273. Management has not satisfactorily explained measures being undertaken to reverse this trend which may affect the Authority's ability to meet its obligations as and when they fall due.</p>		
<p>It is true that the Authority had a negative working capital as at 30 June 2018. This was attributed to the pending bills due to contractors , consultants and Projects Affected Persons that accrued due to: insufficient budgetary allocation against Authority's requirements on projects Budget reductions To alleviate this situation, the National Treasury, Parent Ministry and the Authority have developed new models of project financing on Annuity Fund Financing and Public Private Partnerships (PPPs) to execute new projects which will abate the increase in pending bills as the Authority will not be expected to disburse funds to the contractors and consultants, but funding will be from the fund set aside by the Parent Ministry and by investors for the PPPs.</p>		
Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Director, Corporate Services	New financing models of Public, Private Partnership and Annuity financing used in financing new roads development and rehabilitation	Over the next ten years



Eng. Peter M. Mundinia, EBS
Director General

Date.....April, 2021



Eng. Wangai Ndirangu, MIEK, RCE
Chairman of the Board

Date.....April, 2021

KENYA NATIONAL HIGHWAYS AUTHORITYReport and Financial Statements for the year ended 30th June 2020**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY****Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

No.	Project title	Project No.	Donor	Period/ Duration	Donor commitment(Kshs)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements
1.	NUTRIP	5140-KE	NUTRIP	24.12.2012-31.12.2018	19,140,160,545	Yes	Yes
2.	KTSSP	4926-KE & 5410-KE	KTSSP	23.05.2011-31.12.2018	33,258,366,990	Yes	Yes
3.	AfDB	2000130015238	AfDB	09.06.2017-08.05.2021	17,896,678,223	Yes	Yes
4.	China -EXIM	BLA2016K001	China -EXIM	26.11.2016-31.12.2020	32,499,088,819	Yes	Yes
5.	EARTTDFP	5638-KE	EARTTDFP	20.07.2015-31.12.2021	46,158,383,724	Yes	Yes
6.	MPARD	KE-P29	MPARD-JICA	02.06.2012-02.06.2022	22,089,969,121	Yes	Yes
7.	NETIP	V0630	NETIP	-	607,131,600	Yes	Yes
8.	Port Reitz/Mombasa International Airport/Magongo Road Dualling	-	TMEA	01.04.2018-31.03.2023	3,606,947,004	Yes	Yes
9.	Regional Mombasa Port Access Project/Kitale-Morpus	202061919	KfW	01.08.2017-31.12.20120	19,120,725,600	Yes	Yes
10.	Regional Mombasa Port Access Project	27459	EIB	01.08.2017-31.12.20120	5,842,860,000	Yes	Yes
11.	Nuno-Modogashe Road Project	1331P 679 0596/10 813	OPEC Fund/BADEA/Saudi Fund/Kuwait Fund/Abu Dhabi	20.11.2015-18.11.2019	6,773,847,400	Yes	Yes

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Status of Projects completion

No	Project title	Project Number	Donor	Period/Duration	Donor Commitment	Total expended to date	Completion % to date	Annual Budget (Kshs.)	Actual per quarter (Kshs.)
	NUTRIP	5140-KE	IDA	24.12.2012-31.12.2018	19,140,160,545	3,141,819,952	30%	-	-
2.	KTSSP	4926-KE & 5410-KE	IDA	23.05.2011-31.12.2018	33,258,366,990	31,673,750,335	88.87%	399,163,909	-
3.	AfDB	2000130015238	AfDB	09.06.2017-08.05.2021	48,691,555,000	28,149,180,581	39.12%	8,155,356,842	860,430,955
4.	China -EXIM	BLA2016K001	China EXIM	26.11.2016-31.12.2020	32,499,088,819	22,823,747,900	45%	8,695,000,000	1,555,848,510
5.	EARTTDFP	5638-KE	IDA	20.07.2015-31.12.2021	46,158,383,724	22,439,315,850	35.45%	9,942,500,000	1,685,382,719
6.	MPARD-	KE-P29	JICA	02.06.2012-02.06.2022	22,089,969,121	12,062,494,744	36%	2,751,013,322	279,656,883
7.	NETIP	V0630	IDA	-	607,131,600	589,981,978	91.23%	280,000,000	43,267,019
8.	Port Reitz/Mombasa International Airport/Magongo Road Dualling	-	TMEA	01.04.2018-31.03.2023	3,606,947,004	3,654,795,403	77.32%	1,000,000,000	-
9.	Regional Mombasa Port Access Project/Kitale-Morpus	202061919	KfW	01.08.2017-31.12.20120	19,120,725,600	39,654,263	6%	50,000,000	-
10.	Regional Mombasa Port Access Project	27459	EIB	01.08.2017-31.12.20120	5,842,860,000	-	6%	-	-
11.	Nuno-Modogashe Road Project	1331P 679 0596/10 813	OPEC Fund/BADEA/Saudi Fund/Kuwait Fund/Abu Dhabi	20.11.2015-18.11.2019	6,773,847,400	1,211,731,079	9%	800,000,000.	-

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APPENDIX III: INTER-ENTITY TRANSFERS

		FY 2019-2020	
A.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		09 October 2019	5,000,000,000
		10 October 2019	5,131,502,375
		01 June 2020	8,533,950,282
		24 June 2020	2,927,567,441
		07 October 2019	411,033,025
		01 June 2020	235,766,976
		Total	22,239,820,099
B.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		07 October 2019	1,720,643,459
		07 October 2019	1,898,875,960
		07 October 2019	1,606,922,145
		07 October 2019	1,946,726,854
		03 February 2020	780,044,275
		03 February 2020	1,627,978,874
		03 February 2020	1,956,204,728
		03 February 2020	1,850,836,215
		26 May 2020	5,500,000,000
		26 May 2020	5,999,999,996
		11 June 2020	550,000,000
		11 June 2020	50,000,000
		24 June 2020	6,757,160,551
		24 June 2020	5,542,704,667
		24 June 2020	5,542,704,667
		29 June 2020	1,335,085,996
		20 November 2019	525,000,000
		11 December 2019	1,112,500,000
		30 June 2020	1,050,000,000
		30 June 2020	1,050,000,000
		Transfer to other Development Budget Grants	(411,981,490)
	Receivable	30 June 2020	2,764,479,902
	Receivable	30 June 2020	1,282,500,000
		Total	52,038,386,799
C.	Direct Payments		
	African Development Bank (AfDB)	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		08 July 2019	20,613,060
		08 July 2019	25,137,878
		12 July 2019	5,457,280
		12 July 2019	2,618,720

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	12 July 2019	1,295,300
	01 August 2019	66,396,722
	01 August 2019	8,140,922
	01 August 2019	1,710,476
	01 August 2019	6,916,430
	01 August 2019	31,100,693
	01 August 2019	2,277,291
	01 August 2019	8,673,541
	01 August 2019	161,835,331
	01 August 2019	47,612,423
	01 August 2019	19,488,798
	01 August 2019	6,802,509
	01 August 2019	8,613,115
	01 August 2019	66,242,714
	01 August 2019	5,056,796
	01 August 2019	5,647,443
	01 August 2019	6,833,980
	01 August 2019	2,335,456
	01 August 2019	1,710,183
	13 August 2019	105,869,401
	13 August 2019	94,256,020
	13 August 2019	50,302,540
	13 August 2019	71,052,782
	13 August 2019	26,460,580
	13 August 2019	90,108,755
	14 August 2019	1,134,513
	14 August 2019	1,968,128
	14 August 2019	4,325,860
	14 August 2019	5,041,516
	21 August 2019	17,743,885
	21 August 2019	70,000,000
	23 August 2019	44,848,163
	23 August 2019	94,596,515
	23 August 2019	70,046,860
	23 August 2019	120,351,801
	01 September 2019	87,202,930
	01 September 2019	86,296,730
	01 September 2019	56,696,310
	01 September 2019	1,887,150
	01 September 2019	1,425,500
	01 September 2019	21,035,341
	01 September 2019	109,792,278
	06 September 2019	5,174,481
	06 September 2019	7,529,422
	06 September 2019	7,887,842
	06 September 2019	7,655,021
	06 September 2019	1,708,879
	04 October 2019	1,035,958
	04 October 2019	2,090,914
	04 October 2019	210,741,380

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	04 October 2019	7,545,312
	04 October 2019	6,647,555
	04 October 2019	4,976,498
	04 October 2019	772,188
	04 October 2019	578,388
	04 October 2019	81,099,174
	04 October 2019	201,468,760
	04 October 2019	3,749,276
	04 October 2019	103,179,611
	04 October 2019	1,727,779
	04 October 2019	1,249,758
	04 October 2019	46,829,307
	08 October 2019	64,336,477
	08 October 2019	7,596,201
	08 October 2019	1,729,596
	08 October 2019	117,397,958
	08 October 2019	4,767,279
	28 October 2019	1,420,560
	06 November 2019	93,995,560
	06 November 2019	27,653,766
	07 November 2019	8,336,713
	07 November 2019	9,740,968
	07 November 2019	12,987,956
	07 November 2019	727,200
	07 November 2019	16,234,946
	11 November 2019	7,485,312
	11 November 2019	112,940,946
	11 November 2019	2,359,764
	11 November 2019	411,179
	11 November 2019	79,435,280
	11 November 2019	17,430,989
	11 November 2019	3,061,000
	11 November 2019	3,836,424
	11 November 2019	7,367,970
	11 November 2019	107,491,111
	11 November 2019	3,613,631
	11 November 2019	7,150,418
	11 November 2019	1,910,000
	11 November 2019	7,367,970
	11 November 2019	84,488,013
	11 November 2019	3,836,424
	12 November 2019	2,978,955
	12 November 2019	2,978,955
	14 November 2019	13,307,859
	22 November 2019	1,802,500
	22 November 2019	2,009,109
	26 November 2019	4,689,544
	26 November 2019	1,923,553
	26 November 2019	7,893,750
	26 November 2019	4,908,481

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	26 November 2019	2,727,618
	26 November 2019	9,535,020
	26 November 2019	4,699,735
	26 November 2019	40,108,105
	26 November 2019	409,369
	26 November 2019	136,328,043
	28 November 2019	2,960,543
	28 November 2019	7,157,992
	28 November 2019	29,004,306
	28 November 2019	3,749,276
	28 November 2019	84,585,812
	28 November 2019	7,322,210
	28 November 2019	1,451,415
	28 November 2019	107,615,537
	28 November 2019	1,707,806
	28 November 2019	3,471,501
	10 December 2019	1,798,736
	10 December 2019	5,629,402
	10 December 2019	7,271,117
	10 December 2019	109,937,963
	10 December 2019	7,888,299
	10 December 2019	105,100,650
	10 December 2019	6,885,409
	06 February 2020	115,948,834
	06 February 2020	184,362,089
	20 February 2020	182,610,840
	20 February 2020	191,015,567
	25 February 2020	613,501,544
	28 February 2020	365,621
	28 February 2020	7,060,085
	28 February 2020	8,613,115
	28 February 2020	7,912,208
	01 March 2020	87,542,910
	01 March 2020	68,808,728
	02 March 2020	138,125,613
	02 March 2020	40,636,956
	03 March 2020	1,776,127
	03 March 2020	12,845,245
	03 March 2020	65,154,281
	03 March 2020	5,465,780
	03 March 2020	336,617
	03 March 2020	82,893,488
	03 March 2020	155,358,111
	03 March 2020	102,372,083
	03 March 2020	4,039,398
	03 March 2020	2,497,738
	03 March 2020	4,039,398
	06 March 2020	131,362,999
	06 March 2020	2,297,319
	06 March 2020	57,743,167

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	06 March 2020	7,273,364
	16 March 2020	10,299,868
	16 March 2020	17,427,723
	16 March 2020	135,092
	25 March 2020	6,988,556
	25 March 2020	12,020,966
	25 March 2020	62,177,388
	25 March 2020	211,341,862
	25 March 2020	11,014,950
	01 April 2020	(33,301,838)
	01 April 2020	(13,883,667)
	06 April 2020	257,714
	06 April 2020	77,702,859
	06 April 2020	507,507
	06 April 2020	4,332,086
	06 April 2020	5,323,760
	06 April 2020	1,198,550
	20 April 2020	7,796,076
	20 April 2020	9,535,020
	20 April 2020	6,043,022
	20 April 2020	6,992,764
	20 April 2020	12,845,245
	20 April 2020	6,070,084
	20 April 2020	4,855,030
	20 April 2020	1,713,647
	20 April 2020	6,968,596
	20 April 2020	278,126
	20 April 2020	1,569,501
	22 April 2020	116,564,114
	22 April 2020	7,954,471
	22 April 2020	121,929,005
	22 April 2020	8,908,970
	22 April 2020	840,879
	29 April 2020	7,300,378
	29 April 2020	7,651,655
	29 April 2020	1,876,913
	29 April 2020	1,758,448
	29 April 2020	1,876,913
	11 May 2020	(2,497,738)
	11 May 2020	(336,617)
	11 May 2020	(11,014,950)
	11 May 2020	(4,039,398)
	11 May 2020	(4,039,398)
	21 May 2020	3,764,962
	21 May 2020	6,312,503
	21 May 2020	1,497,600
	21 May 2020	7,427,599
	21 May 2020	3,055,234
	21 May 2020	888,990
	21 May 2020	694,161

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	21 May 2020	360,150
	21 May 2020	3,055,234
	21 May 2020	103,033,585
	27 May 2020	32,048,966
	08 June 2020	67,461,902
	08 June 2020	19,847,487
	12 June 2020	1,738,450
	12 June 2020	7,208,003
	12 June 2020	6,919,927
	12 June 2020	6,326,585
	12 June 2020	829,269
	12 June 2020	81,477,553
	12 June 2020	888,800
	22 June 2020	213,316,853
	22 June 2020	62,758,437
	25 June 2020	4,644,583
	25 June 2020	370,193
	25 June 2020	71,494,361
	25 June 2020	1,805,717
	25 June 2020	7,251,170
	25 June 2020	83,167,355
	25 June 2020	1,816,991
	25 June 2020	86,995,175
	25 June 2020	6,587,338
	30 June 2020	(5,083,809)
	30 June 2020	(5,083,809)
	30 June 2020	(8,244,014)
	30 June 2020	(11,917,245)
	30 June 2020	(32,048,966)
	30 June 2020	(15,577,935)
	30 June 2020	(21,548,083)
	30 June 2020	(23,307,761)
	30 June 2020	(3,175,709)
	30 June 2020	(7,386,756)
	30 June 2020	(4,713,887)
	30 June 2020	(11,392,886)
	30 June 2020	(10,421,489)
	30 June 2020	(4,547,276)
	30 June 2020	(12,244,257)
	30 June 2020	(13,287,984)
	30 June 2020	(3,923,197)
	30 June 2020	(8,800,172)
	30 June 2020	(13,134,365)
	30 June 2020	(8,412,964)
	30 June 2020	(10,323,611)
	30 June 2020	(7,684,155)
	30 June 2020	(12,702,465)
	30 June 2020	(36,932,470)
	30 June 2020	(10,003,438)

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ADFD	Bank Statement Date	Amount (KShs)
	06 September 2019	45,912,392
	06 September 2019	8,102,187
	06 September 2019	9,009,068
	06 September 2019	2,901,041
	06 September 2019	14,479,295
	06 September 2019	1,243,964
	Total	81,647,947
CHINA	Bank Statement Date	Amount (KShs)
	05 July 2019	2,158,893,378.90
	01 September 2019	2,500,000,000.00
	28 October 2019	1,486,194,716.95
	27 May 2020	1,486,194,716.95
	27 May 2020	69,653,793.40
	Total	7,700,936,606.20
IDA	Bank Statement Date	Amount (KShs)
	16 July 2019	5,410,550
	01 August 2019	2,238,122
	01 August 2019	3,628,392
	01 August 2019	3,878,132
	01 August 2019	4,042,107
	01 August 2019	4,728,537
	01 August 2019	5,137,038
	01 August 2019	7,586,405
	01 August 2019	7,594,018
	01 August 2019	7,964,738
	01 August 2019	8,511,868
	01 August 2019	8,511,868
	01 August 2019	8,574,996
	01 August 2019	8,635,776
	01 August 2019	10,698,961
	01 August 2019	11,785,067
	01 August 2019	13,596,269
	01 August 2019	16,689,183
	01 August 2019	17,280,269
	01 August 2019	20,637,707
	01 August 2019	81,085,332
	01 August 2019	84,625,589
	01 August 2019	86,585,463
	01 August 2019	90,810,740

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	01 August 2019	122,290,242
	01 August 2019	125,911,848
	01 August 2019	131,517,512
	01 August 2019	136,040,058
	01 August 2019	150,560,073
	01 August 2019	175,243,686
	01 August 2019	232,014,768
	02 August 2019	241,051,663
	13 August 2019	7,510,551
	13 August 2019	8,438,122
	13 August 2019	10,911,600
	13 August 2019	222,063,985
	13 August 2019	228,573,001
	14 August 2019	4,553,988
	14 August 2019	11,057,778
	15 August 2019	68,351,673
	15 August 2019	105,689,059
	21 August 2019	4,241,865
	21 August 2019	4,553,985
	01 September 2019	3,991,691
	01 September 2019	4,778,240
	01 September 2019	12,292,277
	01 September 2019	56,731,598
	06 September 2019	3,157,609
	06 September 2019	4,119,741
	06 September 2019	5,470,890
	06 September 2019	8,868,226
	06 September 2019	11,266,883
	06 September 2019	11,788,733
	06 September 2019	14,022,047
	23 September 2019	4,384,519
	23 September 2019	188,296,144
	24 September 2019	8,131,260
	24 September 2019	8,715,517
	24 September 2019	9,266,460
	24 September 2019	23,776,054
	24 September 2019	95,791,418
	24 September 2019	151,524,607
	24 September 2019	211,213,798
	24 September 2019	233,966,426
	01 October 2019	6,131,898
	01 October 2019	155,081,427
	04 October 2019	4,708,883
	04 October 2019	132,855,857
	28 October 2019	6,682,136
	28 October 2019	57,595,489
	28 October 2019	100,411,189
	28 October 2019	156,425,985
	28 October 2019	238,138,642
	06 November 2019	2,966,291

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	06 November 2019	196,879,292
	07 November 2019	89,139,505
	11 November 2019	2,534,985
	11 November 2019	3,665,298
	11 November 2019	3,914,920
	11 November 2019	3,940,545
	11 November 2019	4,126,719
	11 November 2019	4,923,259
	11 November 2019	8,194,861
	11 November 2019	8,450,298
	11 November 2019	9,266,460
	11 November 2019	9,350,492
	11 November 2019	9,350,593
	11 November 2019	31,664,478
	11 November 2019	104,825,523
	20 November 2019	7,818,821
	26 November 2019	21,775,530
	26 November 2019	98,065,483
	26 November 2019	151,000,789
	27 November 2019	(30,157,585)
	27 November 2019	(21,796,843)
	28 November 2019	3,867,631
	28 November 2019	4,718,018
	28 November 2019	7,926,584
	28 November 2019	125,802,143
	29 November 2019	4,323,000
	05 December 2019	103,935,099
	06 December 2019	69,705,420
	06 December 2019	109,428,716
	06 December 2019	112,061,301
	06 December 2019	145,735,000
	02 January 2020	367,015,041
	02 January 2020	503,107,766
	06 February 2020	130,439,603
	25 February 2020	68,798,238
	25 February 2020	146,088,739
	01 March 2020	5,580,346
	01 March 2020	6,381,677
	03 March 2020	3,875,488
	03 March 2020	4,426,321
	03 March 2020	4,467,973
	03 March 2020	7,212,988
	03 March 2020	7,271,829
	03 March 2020	7,282,127
	03 March 2020	7,998,420
	03 March 2020	8,007,243
	03 March 2020	8,764,895
	03 March 2020	9,363,164
	03 March 2020	9,519,498
	06 March 2020	177,452,133

KENYA NATIONAL HIGHWAYS AUTHORITYReport and Financial Statements for the year ended 30th June 2020

	16 March 2020	84,610,495
	16 March 2020	116,843,065
	20 March 2020	93,002,996
	20 March 2020	116,782,202
	20 March 2020	116,786,262
	24 March 2020	3,769,357
	24 March 2020	3,837,163
	24 March 2020	7,627,351
	24 March 2020	8,167,066
	24 March 2020	8,201,914
	24 March 2020	8,248,232
	24 March 2020	8,412,208
	24 March 2020	9,914,205
	24 March 2020	11,555,796
	24 March 2020	13,204,467
	24 March 2020	81,351,272
	24 March 2020	142,784,495
	24 March 2020	170,838,544
	25 March 2020	4,042,183
	25 March 2020	4,623,657
	25 March 2020	6,435,051
	25 March 2020	136,606,153
	22 April 2020	174,069,773
	22 April 2020	236,732,487
	01 May 2020	108,419,135
	01 May 2020	115,528,129
	01 May 2020	148,862,572
	05 May 2020	4,722,511
	05 May 2020	6,594,390
	05 May 2020	24,121,051
	05 May 2020	271,780,897
	21 May 2020	6,448,868
	08 June 2020	9,667,900
	08 June 2020	93,561,874
	22 June 2020	304,284
	22 June 2020	7,099,422
	22 June 2020	8,220,844
	25 June 2020	4,609,366
	25 June 2020	8,135,619
	25 June 2020	8,251,378
	25 June 2020	8,402,779
	25 June 2020	8,433,034
	25 June 2020	8,787,470
	25 June 2020	9,537,307
	25 June 2020	76,078,222
	25 June 2020	104,041,880
	25 June 2020	116,793,873
	29 June 2020	2,279,144
	29 June 2020	4,199,674
	29 June 2020	5,026,867

KENYA NATIONAL HIGHWAYS AUTHORITY
Report and Financial Statements for the year ended 30th June 2020

	29 June 2020	6,659,261
	29 June 2020	62,288,106
	29 June 2020	91,349,876
	29 June 2020	101,717,217
	29 June 2020	106,925,192
	30 June 2020	(33,147,930)
	30 June 2020	(30,033,849)
	30 June 2020	(29,977,216)
	30 June 2020	(29,905,343)
	30 June 2020	(29,765,581)
	30 June 2020	(28,488,658)
	30 June 2020	(28,484,929)
	30 June 2020	(26,429,459)
	30 June 2020	(24,975,527)
	30 June 2020	(24,789,478)
	30 June 2020	(24,352,455)
	30 June 2020	(22,277,958)
	30 June 2020	(21,275,992)
	30 June 2020	(21,217,825)
	30 June 2020	(21,095,024)
	30 June 2020	(20,318,190)
	30 June 2020	(19,416,050)
	30 June 2020	(19,207,936)
	30 June 2020	(19,177,989)
	30 June 2020	(18,099,457)
	30 June 2020	(17,234,831)
	30 June 2020	(16,120,388)
	30 June 2020	(16,120,388)
	30 June 2020	(16,039,290)
	30 June 2020	(15,691,458)
	30 June 2020	(15,608,784)
	30 June 2020	(15,449,396)
	30 June 2020	(14,370,212)
	30 June 2020	(14,242,898)
	30 June 2020	(14,121,958)
	30 June 2020	(14,006,875)
	30 June 2020	(13,307,879)
	30 June 2020	(12,043,378)
	30 June 2020	(12,043,378)
	30 June 2020	(11,856,027)
	30 June 2020	(11,734,233)
	30 June 2020	(11,350,980)
	30 June 2020	(10,354,843)
	30 June 2020	(9,930,915)
	30 June 2020	(9,753,771)
	30 June 2020	(9,355,627)
	30 June 2020	(9,298,846)
	30 June 2020	(8,519,499)
	30 June 2020	(7,806,434)
	30 June 2020	(6,231,368)

KENYA NATIONAL HIGHWAYS AUTHORITY
Report and Financial Statements for the year ended 30th June 2020

		30 June 2020	(3,893,487)
		30 June 2020	(3,866,112)
		30 June 2020	(3,791,793)
		30 June 2020	(3,566,767)
		30 June 2020	(3,238,432)
		30 June 2020	(2,964,089)
		30 June 2020	(2,860,693)
		30 June 2020	(2,858,094)
		30 June 2020	(1,963,082)
		30 June 2020	(1,883,664)
		30 June 2020	(867,382)
		Total	9,601,364,782
	JICA	Bank Statement Date	Amount (KShs)
		06 September 2019	7,298,101
		06 September 2019	8,664,559
		24 September 2019	9,057,987
		24 September 2019	8,910,562
		11 November 2019	7,121,804
		11 November 2019	8,875,894
		28 November 2019	9,870,342
		28 November 2019	11,067,138
		28 November 2019	11,043,057
		28 November 2019	8,125,237
		20 January 2020	2,423,659,955
		03 March 2020	15,080,857
		03 March 2020	97,120,965
		25 March 2020	96,050,555
		30 June 2020	(2,475,221)
		Total	2,719,471,792
	KFW	Bank Statement Date	Amount (KShs)
		07 November 2019	8,735,144
		07 November 2019	14,778,033
		Total	23,513,177
	KUWAIT	Bank Statement Date	Amount (KShs)
		06 September 2019	12,232,272
		06 September 2019	3,938,956
		06 September 2019	19,659,599
		06 September 2019	1,689,021
		01 March 2020	78,377,612
		Total	115,897,460

KENYA NATIONAL HIGHWAYS AUTHORITY
 Report and Financial Statements for the year ended 30th June 2020

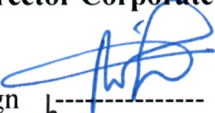
OPEC	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
	06 September 2019	13,702,740
	06 September 2019	1,177,248
	06 September 2019	43,450,017
	06 September 2019	7,667,650
	06 September 2019	2,745,452
	06 September 2019	8,525,894
	Total	77,269,001
SAUDI	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
	06 September 2019	10,697,122
	06 September 2019	3,444,617
	06 September 2019	1,477,049
	06 September 2019	17,192,319
	12 June 2020	225,582,499
	12 June 2020	421,946,348
	Total	680,339,953
TMEA	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
	05 July 2019	2,393,595
	05 July 2019	2,333,400
	05 July 2019	2,634,455
	05 July 2019	1,990,465
	05 July 2019	435,658,956
	05 July 2019	534,658
	05 July 2019	2,635,180
	05 July 2019	2,634,195
	05 July 2019	435,258,293
	05 July 2019	48,406,551
	05 July 2019	2,612,500
	05 July 2019	2,339,750
	22 April 2020	2,614,890
	22 April 2020	2,641,550
	30 June 2020	(23,701,071)
	30 June 2020	(35,551,577)
	Total	885,435,790

KENYA NATIONAL HIGHWAYS AUTHORITY
Report and Financial Statements for the year ended 30th June 2020

D. Donor Receipts			
	IDA	Bank Statement Date	Amount (KShs)
		15 October 2019	33,168,974
		15 October 2019	123,659,264
		23 December 2019	168,397,642
		14 April 2020	133,389,371
		15 May 2020	17,409,624
		16 June 2020	48,755,520
		29 June 2020	165,743,721
		Total	690,524,116
	AfDB	Bank Statement Date	Amount (KShs)
		16 June 2020	27,771,750
		Total	27,771,750
	C +D	GRAND TOTAL	31,699,600,457


The above amounts have been communicated to and reconciled with the parent Ministry

CPA. James Bowen
Director Corporate Services

Sign 

 5th
 -----April, 2021

CPA. Chanje Kera
Deputy Director (Finance & Accounts)

Sign 

 5th
 -----April, 2021



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