

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

DATE: 14 JUN 2023

DAY:

WEDNESDAY

TABLED BY:

Hon Nzebi Ng'ũgũ
Deputy Majority Party Whip

OF

CLERK AT THE TABLE:

A. Shubuto

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

KENYA RURAL ROADS AUTHORITY

**FOR THE YEAR ENDED
30 JUNE, 2022**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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KENYA RURAL ROADS AUTHORITY



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30TH 2022

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

Connecting Devolved Kenya

CONTENTS

ABBREVIATIONS.....	iv
KEY AUTHORITY'S INFORMATION AND MANAGEMENT.....	1
BOARD OF DIRECTORS	3
MANAGEMENT TEAM.....	8
FINANCIAL HIGHLIGHTS (Ksh '000).....	10
CHAIRMAN'S STATEMENT.....	12
REPORT OF THE DIRECTOR GENERAL	14
REVIEW OF PERFORMANCE FOR FY 2021/2022	16
CORPORATE GOVERNANCE STATEMENT.....	19
MANAGEMENT DISCUSSION AND ANALYSIS.....	21
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY	22
REPORT OF THE DIRECTORS.....	29
STATEMENT OF DIRECTORS RESPONSIBILITIES	30
REPORT OF THE INDEPENDENT AUDITORS ON KENYA RURAL ROADS AUTHORITY.	31
STATEMENT OF FINANCIAL PERFORMANCE	32
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022	33
STATEMENT OF CHANGES IN NET ASSETS	33
STATEMENT OF CASH FLOWS.....	35
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT	36
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT	37
DISCUSSION.....	37
NOTES TO THE FINANCIAL STATEMENTS	38
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS	66
APPENDIX II: DEVELOPMENT PARTNERS PROJECTS IMPLEMENTED BY THE AUTHORITY	70
APPENDIX III: INTER ENTITY TRANSFER.....	71
APPENDIX IV: RECORD OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	73

ABBREVIATIONS

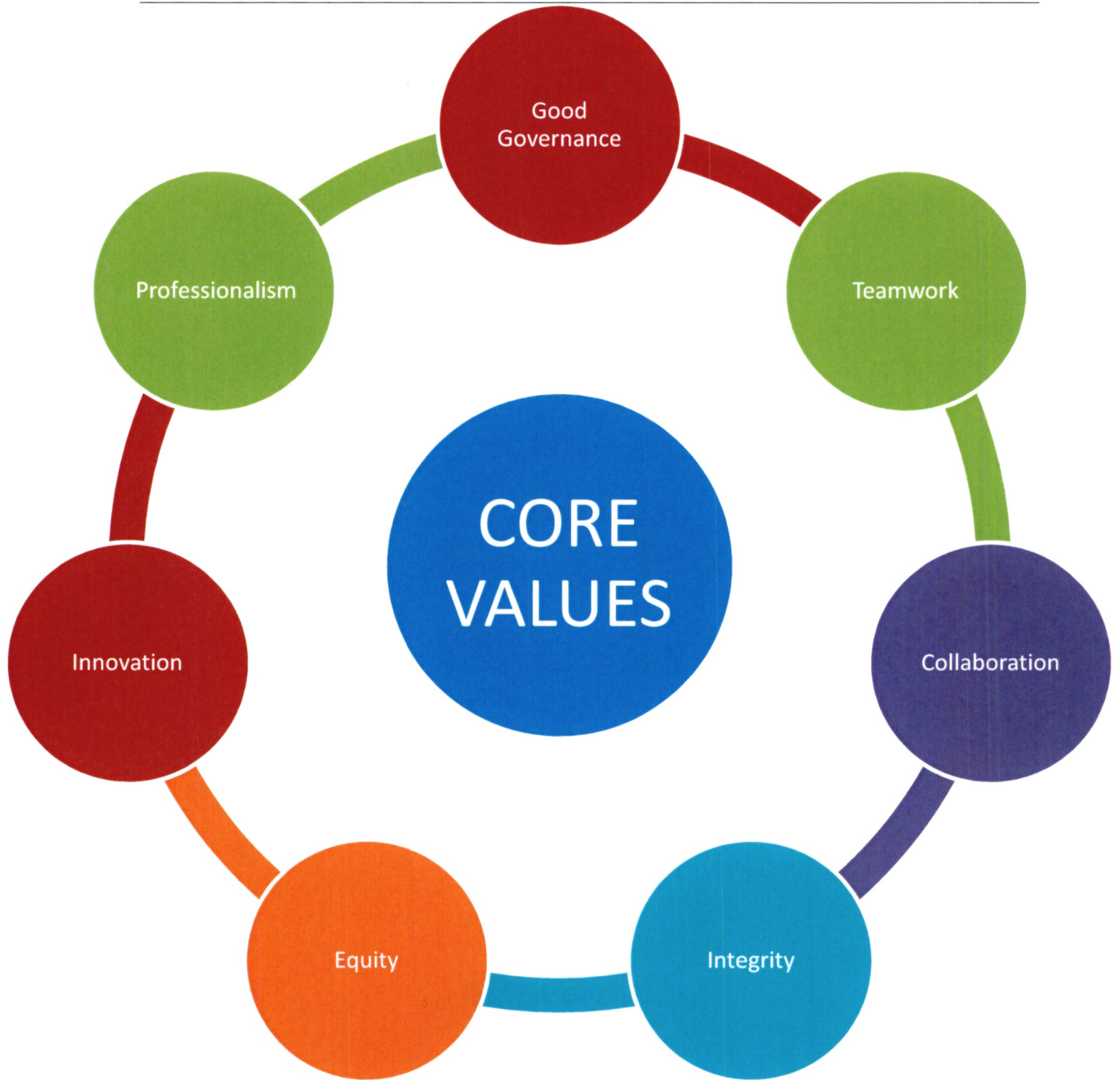
AIA	Appropriation In Aid
AFD	Agence Francise De Development
BADEA	The Arab Bank for Economic Development In Africa
EU	European Union
FY	Financial Year
GIS	Geographical Information System
GoK	Government of Kenya
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
KeRRA	Kenya Rural Roads Authority
KeNHA	Kenya National Highways Authority
KfW	Germany Development Bank
KM	Kilometres
KRA	Kenya Revenue Authority
KRB	Kenya Roads Board
KURA	Kenya Urban Roads Authority
MTEF	Medium Term Expenditure Framework
LVSr	Low Volume Seal Roads
MoTIHUD & PW	Ministry of Transport, Infrastructure, Housing and Urban Development & Public Works
RMLF	Road maintenance Levy Fund
RSIP	Road Sector Investment Programme

OUR VISION

Easy Access to Resources and Services

OUR MISSION

**To Develop, Manage and Maintain the
National Secondary Trunk Road Network**



KEY AUTHORITY'S INFORMATION AND MANAGEMENT

(a) Background information

Kenya Rural Roads Authority (KeRRA) is a State Corporation established under the Kenya Roads Act 2007. The Authority is headed by a Board of Directors led by a Chairman with the Director General being the Chief Executive of the Authority.

At the cabinet level the Authority is represented by the Cabinet Secretary for the Ministry of Transport, Infrastructure, and Housing and Urban Development who is responsible for the general policy and strategic direction of the Authority.

The Authority began its operations in September 2008 and is represented in the 47 counties through regional offices.

(b) Principal activities

The Kenya Roads Act 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. However, the Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). In line with this provision, the road network in Kenya was reclassified vide Kenya Gazette Notice of 22nd January 2016 by the State Department of Infrastructure. National trunk roads in Class C totaling 19,504 Km were vested to the Authority by the Cabinet Secretary. A further reclassification by the Cabinet Secretary on 8th May 2020 revised the KeRRA network to 18,662 Km of national trunk road network in Class C.

(c) Key Management

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

1. Board of Directors
2. Senior Management led by the Director General

(d) Fiduciary Management

The key Management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Eng. Philemon Kiprop Kandie
2.	Director (Development)	Eng. Jackson K. Magundu.
3.	Director (Road Asset Management)	Eng. Peter Patu Gichohi
4.	Director (Planning, Design and Environment)	Eng. Enock Ariga Kombo
5.	Director (Research, Strategy & Compliance)	Eng. Julius K. Gakubia
6.	Director (Corporate Services)	CPA. Dan Manyasi
7.	Deputy Director (Audit Services)	CPA. Judith Chepkemai Chumo.
8.	Deputy Director (Corporation Secretary/ Legal Affairs)	Mr. Justin Rapando.
9.	Deputy Director (Supply Chain Management)	MCIPS. Ms. Catherine Kangangi

(e) Fiduciary Oversight Arrangements

1. Public Investments Committee.
2. Transport Committee of Parliament.
3. Ministry of Transport Infrastructure Housing and Urban Development & Public Works
4. Kenya Roads Board.
5. Audit and Finance Board Committees.

(f) Authority Headquarters

Barabara Plaza Block B, Airport South road, Opp KCAA building.

(g) Authority Contacts

P.O Box 48151 – 00100,
Nairobi GPO
Tel. 0202710464
Email: kerra@kerra.go.ke
Website: www.Kerra.go.ke

(h) Principal Bankers

1. ***KCB Bank Limited,***
Moi Avenue Branch,
P.O. Box 48400-00100,
Nairobi GPO
2. ***NCBA Bank Limited,***
Upper Hill Branch,
P.O. Box 44599-00100 ,
Nairobi GPO
3. ***Equity Bank Limited,***
Equity Centre,
Hospital Road, Upper Hill.
P.O. Box 75104-00200,
Nairobi
4. ***Cooperative Bank Limited***
Co-operative House,
Haile Selassie Avenue,
P.O. Box 48231 - 00100,
Nairobi GPO

(i) Independent Auditors



Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 49384-00100
Nairobi, GPO

(j) Principal Legal Adviser

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

BOARD OF DIRECTORS

The Board members are drawn from representatives from public and private sector as set out in section 8 of the Kenya Roads Act 2007. The members who held the office during the year under review were as follows:

 <p>Prof.(Eng) Oyuko Mbeche EBS Chairperson of Board</p>	<p>Prof.(Eng) Oyuko. O. Mbeche was born in 1946 . Prof.(Eng) Mbeche is holder of B.Eng. From Stevens Institute of Technology(USA), MSc from Polytechnic Institute of Brooklyn(USA)and PhD from the University of Nairobi. He is also a Civil Engineer specializing in the field of Transportation Planning and Engineering.</p> <p>Prof.(Eng) Mbeche is a Nobel Peace Prize recipient bestowed on him by the International Panel on Climate Change (IPCC) in December, 2007, Member American Society of Civil Engineers, Member American Society of Engineering Education ,Member Kenya National Academy of Sciences and Member Engineering Board of Kenya . He is a Professor of Civil Engineering at the University of Nairobi and has supervised various undergraduate and postgraduate projects.</p> <p>He is the Chairperson of the Board. He has also written many research papers on matters touching on land use, planning, transport economics and urban planning. In his work experience, he has worked as a project coordinator, team leader, and project civil/structural engineer in various government organizations.</p>
 <p>Hon. Amb. Ukur Yatani. EGH Cabinet Secretary National Treasury</p>	<p>Hon. Amb. Ukur Yatani Kanacho was born in 1967 and holds Bachelor of Arts in Economics, Egerton University, Kenya, 1991 and Master of Arts in Public Administration and Public Policy, University of York, United Kingdom, 2005;</p> <p>He has over 27-year experience in public administration, politics, diplomacy and governance in public sector since 1992. Before his appointment as Cabinet Secretary for the National Treasury & Planning he served as the Cabinet Secretary for Labour and Social Protection since January 2018.</p> <p>Between the years 2006-2007 while Member of Parliament for North Horr constituency, he also served as an Assistant minister for science and technology. At the height of his career (March 2013-August 2017), he served as a pioneer Governor of Marsabit County, the largest County in the Republic of Kenya. Between June 2009 and October 2012, he served as Kenya’s Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna. In this position, he aggressively pursued and advanced Kenya’s foreign interests.</p> <p>He held senior leadership positions at various diplomatic and international agencies such as International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against Transnational Organized Crime (UNTOC), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and chair of African Group of Ambassadors among others. Between 1992—2015, he served in different positions in Kenya’s Public Administration including a District Commissioner, where sharpened his management and administrative skills.</p>



Zahra Mohamed Haji
Alternate to Cabinet Secretary National
Treasury

Ms. Zahra Mohamed Haji was born in 1981 and is a holder of B.Sc. Journalism from United States International University, Africa and a M.A. Journalism (International) from London University of Westminster.

She is a dynamic and highly motivated communications coordinator with 12 years of experience engaging members of diverse communities, government agencies and private organisations in strategic marketing ventures to develop cross-functional relationships that contribute to business growth and awareness raising. She has proven ability to promote mandates and services to consumers within the corporate and non-profit sectors through market trend analysis and detailed research.

She was an Executive Assistant to the Cabinet Secretary, Ministry of Labour and Social Protection and currently the Executive Assistant to the Cabinet Secretary, Ministry of National Treasury and Planning. She has held senior leadership positions such as Senior Manager, Advocacy and Communication at Commission on Administrative Justice (Office of the Ombudsman) and also was a Managing Director at Radio Salaam Limited, Mombasa, Kenya.



Prof. Arch. Paul Mwangi Mwangi CBS
Principal Secretary -State Department of
infrastructure -Ministry of Transport,
Infrastructure, Housing, Urban Development
and Public Works

Prof. Arc. Paul Mwangi Mwangi, born in 1959, and holds Bachelor of Architecture Degree University of Nairobi 1979-1986, Masters of Arts in Planning-Urban & Regional planning University of Nairobi 1989-1990; and Doctor of Philosophy-Environmental Planning, Jomo Kenyatta University of Agriculture and Technology 1999-2005.

He is the Principal Secretary State Department of infrastructure -Ministry of Transport, Infrastructure, Housing & Urban Development and Public Works and was previous Principal Secretary, State Department of Public Works having been appointed in December 2015.

Prof. Arc. Mwangi is a Founder Associate Professor of Architecture and Planning of the FAED, Senior Expert, Planning & Project Management and Technical Expert & Master Trainer in Building Construction & Infrastructural Planning & Development



Eng. Stephen Kogi
Alternate to Principal Secretary- State
Department of infrastructure - Ministry of
Transport , Infrastructure, Housing , Urban
Development and Public Works

Eng. Stephen K Kogi was born in 1964 and is the alternate to the the Principal Secretary, State Department of Infrastructure department in the Ministry of Transport, Infrastructure, Housing and Urban Development and Public Works from June 2020. He is currently the Chief Engineer in charge of infrastructure quality standards and research in the Ministry

He has extensive experience in professional and public administration, including strategic leadership and corporate governance gained from his training and responsibilities in the different programmes and mandates in government and as a graduate of Civil Engineering from the University of Nairobi and a Master's degree of Business Administration from Jomo Kenyatta University of Agriculture and Technology.

He has previously coordinated the improvement of roads under various development partners and the development of policies including the design guidelines in support of the Government agenda for the improvement of over 10,000Km road network under the Low Volume Sealed Roads Programme

He has been involved in various local and international forums and is the current President of the African Road and Transport Research Forum with a membership of the Sub Saharan African countries



Mr. Julius Korir EBS
Principal Secretary, Ministry of Devolution

Mr. Julius Korir, CBS, is the Principal Secretary, Ministry of Devolution. Prior to this appointment, he was the Principal Secretary in the State Department for Youth Affairs, Ministry of Information, Communication and Technology, Innovation and Youth Affairs.

Mr. Korir has also previously served as the Principal secretary in the State Department for Infrastructure, Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, and in the Ministry of Health.

He was first appointed as a Principal Secretary on 18th December, 2015 to the State Department for Investment and Industry, Ministry of Industry, Trade and Cooperatives.

Mr. Korir has been instrumental in promoting improved livelihoods for the Youth by ensuring they have access to decent jobs, entrepreneurship and skills development and mentorship in addition to encouraging the youth to exploit their talents for economic gain.

His experience extends to managing Public/Private Partnership (PPP) initiatives, bringing together Public and Private Sector Stakeholders. His wealth of experience has seen him spearheading the Contractor Facilitated Road Development Mechanism. This entails Design-Finance-Build and Transfer PPP Framework of the Roads Annuity Programme.

He is keen on enterprise development and has vast experience in the fields of country promotion, particularly Foreign Direct Investment (FDI), exports and tourism with a view to enhancing economic growth in Kenya.

Mr. Korir has been involved in managing a large portfolio of Government and Development Partner Funded Projects that are spread throughout the Kenya.

Mr. Korir holds an MBA in International Business and a BSc. in Agricultural Economics



Mr. Bernard Suyianka
Alternate to Principal Secretary Ministry of Devolution

Director Benard Suyianka was born in 1962 and is a holder of B.COM from Jabalpur University India and a Foundation Diploma in Purchasing and supplies from Kenya College of Communication & Technology.

He is currently Head of Supplies Chain Management System at the Ministry of Devolution States Department of Special Programs-

He has a wealth of experience in Supply Chain Management having worked in the public sector for over 22 years in various government ministries and department including State House.

He served the Board upto 8th December 2021



Mr. Kennedy Nyambati
Alternate to Principal Secretary Ministry of Devolution

Director Kennedy Nyambati is a Director Capacity Building and Technical Assistance in the Ministry of Devolution. Director Nyambati was born in 1966 and hold a Bachelor of Arts (Sociology) from University of Nairobi and Master in Public Sector Management from the Africa University, Zimbabwe.

Director Nyambati is well versed in Public Sector Management, Governance and Leadership; Public Policy Analysis; Performance Management; Programme & Project Management; Diplomacy & Negotiations; Strategic Planning & Management; Human Resource Management; Regional Cooperation & Integration; Devolution Affairs; Inter-Governmental Relations; Capacity Building & Technical Assistance.

He was appointed to the Board from 8th December 2021



Ms. Nelly Mbugua OGW
 Institution of Surveyors
 Of Kenya

Ms. Nelly Mbugua was born in 1968 and holds Bachelor of Arts in Land Economics from the University of Nairobi, Master of Science in Project Management, a post-graduate diploma with the Institution of Surveyors of Kenya and currently pursuing her Post Graduate studies. Nelly has worked for top real estate companies in Kenya among them: Lloyd Masika Ltd and Kenya Valuers & Estate Agents Ltd where she has held senior management positions. She has trained in Corporate Governance.

She is the Chairperson of Board Human Resource and Administration Committee Ms. Nelly has vast experience in the real estate industry consultancy, with local and international Registration and licensing by the Valuers Registration Board (VRB) and the Royal Institution of Chartered Surveyors (RICS). Nelly is a full member of the Institution of Surveyors of Kenya (ISK) and has served the Institution as VEMS Chapter Chairperson and a member of the governing Council. Nelly is a registered estate agent and is the immediate past Chairperson of the Estate Agents Registration Board (EARB). As the Chairperson of EARB, Nelly worked tirelessly to improve professionalism and raise the profile of estate agency profession in Kenya. She is a Trustee of the Bible Society of Kenya (BSK), and a past Chairperson of the Board of BSK.

Ms. Nelly is a seasoned valuer, specializing in business and hospitality industry and oil and gas exploration valuation, as well sales, letting and property management. Ms Nelly is a director at Citiscape Valuers & Estate Agents Limited.



Prof. Lawrence Esho
 Kenya Institute of Planners

Prof. Lawrence Esho was born in 1970 and is a holder of Bachelor of Arts (BA) Sociology Kenyatta University (Kenya) 1995, Master of Architecture (M.Arch) Human Settlement from Catholic University of Leuven (Belgium) 2003, Masters of Arts (MA Planning University Of Nairobi Kenya 1997, Doctor Of Engineering (Dr-Ing), Architecture/Spatial Planning From Catholic University of Leuven (Kul) (Belgium) 2008,

He is the Chairperson of the Board Audit Committee

He is trained in sociology, planning and human settlements. He has worked as a planner and an academic. He is Chairman, Department of Urban and Regional Planning at the Technical University of Kenya.

Lawrence has researched various aspects of housing, transport and planning in the region and continues to collaborate in research with a number of institutions, including KU Leuven, HIS the Netherlands.



Eng. Yego Kiprutto Shadrack
 Institution of Engineers of Kenya

Eng. Shadrack was born in 1980 and he is registered with Engineers Board of Kenya as a professional engineer and a corporate member of the Institution of Engineers of Kenya (MIEK).

Eng. Shadrack holds Bachelor of Science degree in Civil engineering from University of Nairobi. He has over fifteen (15) years of experience in carrying out engineering feasibility studies, infrastructure assessments, preliminary and detailed studies and designs, contracts administration and construction supervision of engineering projects in the field of roads, dams, water and sanitation and buildings.

Eng Shadrack is the Chairperson of Board Finance committee and Board Technical Committee and has passion in giving back to the community and a champion of corporate governance and continues to hold leadership mantle in various private institutions. Eng Shadrack has a good and strong blend of the Government of Kenya systems, private sector and United Nations working environment. In addition, Eng Shadrack has experience working in similar projects in ASAL and hardship areas in Kenya, Tanzania, Burundi and Somalia.



Mr. Alvin Kibet Kirui MBS
Kenya Farmers Association

Mr Alvin Kirui was born in 1993 and holds a Bachelors of Business Information Technology Degree from Jomo Kenya University of Agriculture and Technology.

Mr. Alvin is a Member of the Micro and Small Enterprise Tribunal representing SME Sector under the Judiciary, whose mandate is settlement of commercial disputes. He is also a Lead Partner for Promitex. He is also a Founding Director of Tekelbei Water Foundation, a non state actor with a goal of providing water storage facilities for rural farmers, providing farmers with market information, and climate adaptive farming strategies. Mr Alvin also Chairs IMAP International Limited and Leads the East Sotik Co-operative Society.



Eng. Philemon K. Kandie MBS
Director General

Eng. Philemon Kandie was born in 1971 and is a registered engineer with Engineers Board of Kenya and a member of the Institution of Engineers of Kenya (MIEK).

Eng. Kandie holds BSc. Hons in Civil Engineering from Jomo Kenyatta University of Agriculture & Technology and Diploma in Transport Planning, Development & Management from Galilee Management Institute (Israel), Master of Science in Road Management & Engineering from the University of Birmingham in United Kingdom, He has been extensively trained in Management Infrastructure embracing Road Asset Management and has valuable experience in policy formulation, planning, design, construction and management of projects and programs gained from his working experience in Public Service for over 24 years.

He worked in the Ministry of Roads and Kenya National Highways Authority as Regional Manager in various stations and promoted to Regional Network Coordinator in headquarters. He is a Registered Professional Engineer with Engineers Board of Kenya and a Corporate Member of Institution of Engineers of Kenya.

Eng. Kandie holds leadership portfolios in and out of the Authority and a member of various committees amongst them, Road Sector Investment Plan, Review of Road Classification, Performance Based Contracts and Roads 2000 Strategy Implementation.

MANAGEMENT TEAM



Eng. Philemon K. Kandie MBS
P. Eng., Bsc Hons, MIEK, MSc
Director General



Eng. Peter P. Gichohi
P. Eng., MSc BSc., MIEK, A(CIAB)
Director Road Asset Management.



CPA Dan Manyasi
MBA, BCom, CPA(K)
Director - Corporate Services



Eng. Jackson K. Magundu
P. Eng., M(IBL) BSc., MIEK, A(CI Arb-UK)
Director Development



Eng. Julius K. Gakubia
P. Eng., BSc., MIEK
Ag Director - Research, Strategy & Compliance



Eng. Enock A. Kombo
P. Eng., MA(Planning), Bsc, MIEK
Director - Planning, Design & Environment



CPA Judith C. Chumo
Bcom, MBA, CPA(K), CISA, CIQA
Deputy Director - Internal Audit



Mr. Justin M. Rapando
LLM, LLB Msc, Dip(KSL), CPS(K), M(CI Arb)
Deputy Director - Legal Affairs

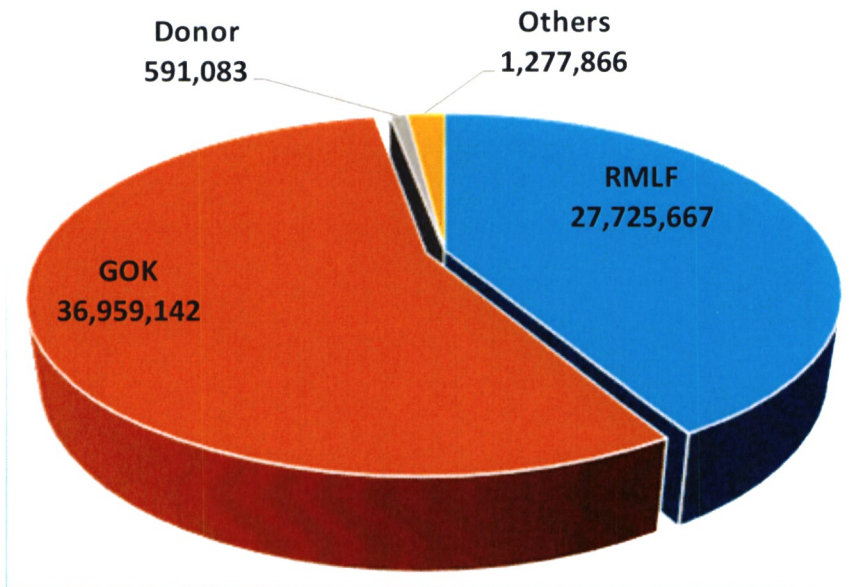


Ms. Catherine Kangangi
Msc(Proc. & Logistics), MKISM, MCIPS
**Ag. Deputy Director – Supply Chain
Management**

FINANCIAL HIGHLIGHTS

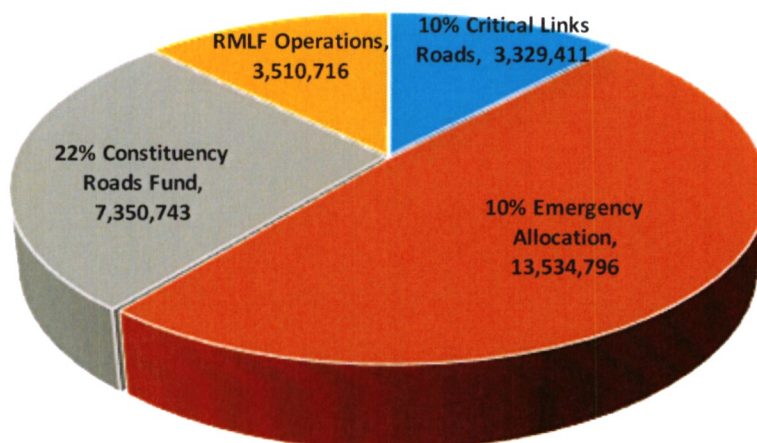
Revenues 2021-2022

Total Revenue: 66,454,706(KSh '000')



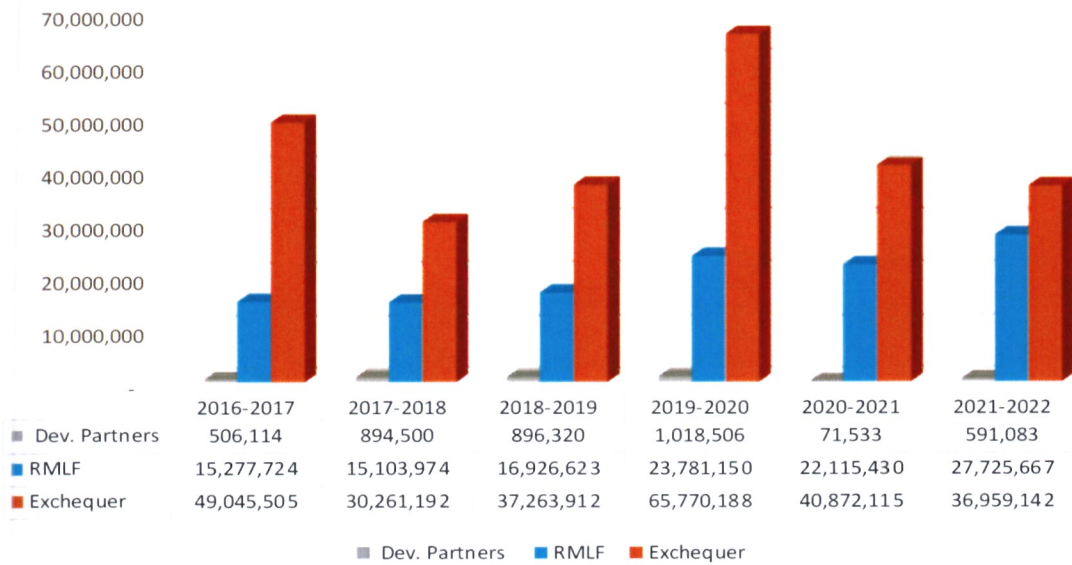
■ Road Maintenance Levy ■ Exchequer Development Fund ■ Development Partners ■ Other

Total RMLF: 27,725,667(Ksh '000')

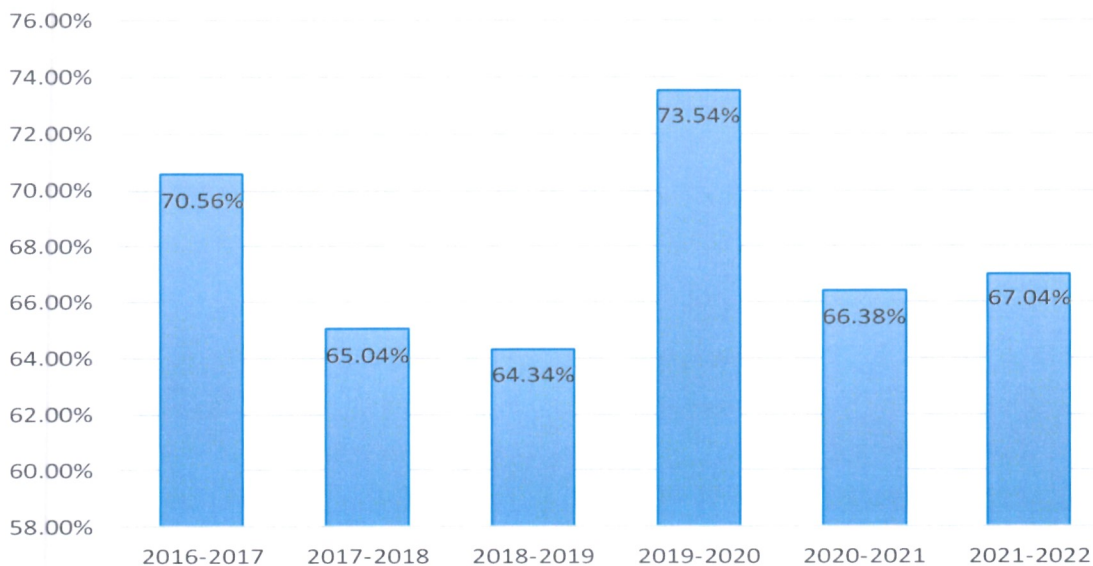


■ 10% Critical Links Roads ■ 10% Emergency Allocation
 ■ 22% Constituency Roads Fund ■ RMLF Operations

Funding History



Funds Absorption Rate



Challenges of Low Absorption

- Delays in procurement and project implementation
- Late Exchequer disbursements from National Treasury
- Frequent changes of workplans by CRC committees

CHAIRMAN'S STATEMENT



It is my pleasure to present the Kenya Rural Roads Authority Financial Statements for the year ended 30th June 2022.

The Board during the period in review provided fiduciary oversight on all KeRRA road financing activities and operations guided by the Authority's Strategic Plan 2018 – 2022, which is aligned to the Third Medium Term Plan (2018-2022), Government's Big 4 Agenda, sustainable development goals among other road sector policies, presidential directives, circulars and executive orders.

Further, the Board guided on the improvement of internal business processes through Enterprise Resource Planning, positive work culture and quality service delivery which continues to bolster and enhance a positive corporate image for improved road user confidence and satisfaction.

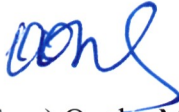
During the Financial Year, the Audit, Risk and Governance Board committee together with the Finance Board Committee assisted the Board in fulfilling its oversight responsibilities by reviewing the financial reports, systems of internal controls and audit processes.

The Authority in the financial year under review remained committed to increase the road network under bitumen within its jurisdiction, improve maintenance and rehabilitation of the National Trunk Road Network (Class C), develop road management plans and systems, enhance Service Delivery and enhance Corporate Governance. The Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments. The scope of the Authority's Road network was revised via the Kenya Gazette Legislative Supplement No. 4 (Special Edition) of 22nd January 2016 and through a further reclassification on 8th May 2020. The Authority is currently managing 18,662 Km of national trunk road network (Class C) as vested by the Cabinet Secretary.

The accompanying financial statements have been prepared in accordance with the provisions of the International Public Sector Accounting Standards (IPSAS). Proper accounting and other records have been kept including records of all assets of the Authority. The receipts, expenditure, investment of funds and acquisition and disposal of assets during the financial year have been in accordance with the provisions of the Public Finance Management Act 2012, Public Procurement and Asset Disposal Act 2015 with their constituent regulations and requirements of any other written law applicable to all funds of or managed by the Authority.

The major challenge facing the Authority is mainly the slow progress with regard to implementation of the major ongoing projects, which is brought about by inadequate budgetary provisions and late exchequer releases. As a board we envisage an improved budgetary allocation and prompt release of the funds when required to enable the authority achieve its mandate of managing, developing, rehabilitating and maintaining the rural road network within the Republic of Kenya.

I wish to extend my sincere appreciation to the various Committees of the Board and the Board of Directors for rising to the occasion, individually and severally for abiding to sound corporate governance principles and providing policy guidance to management with strict adherence to policies and standard operating procedures, I remain grateful to the Authority's Management and staff for their dedication and commitment in quality service delivery.



Prof. (Eng.) Oyuko Mbeche, EBS
Chairperson - Board of Directors

REPORT OF THE DIRECTOR GENERAL



Management is responsible for the preparation and presentation of true and fair financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

During the financial year, the Authority embarked on the development of the integrated road management system module in the Enterprise Resource Planning for effective project procurement, execution, reporting and closure.

Kenya is recovering from a recession after its economy contracted at 0.3% in year 2020 due to the covid-19 containment measures whose social distancing and travel ban had affected in great magnitude the labour intensive road construction and maintenance activities. During the financial year under review, the Authority excelled on many fronts and enhanced its positive corporate image despite the inherent inadequate financial challenges faced.

The Authority being an enabler to economic transformation continued to support the Government's Big 4 Agenda through provision of all weather road infrastructure to support affordable housing, manufacturing, food security and universal healthcare facilities. It is also a major contributor among other physical infrastructure players to facilitate the attainment of the Kenya Vision 2030 development blue print which espouses that by the year 2030 it will become impossible to refer to any region of our country as "remote".

As at 30th June 2022, a total of 217 projects under the R10000 LVSR Programme with approximately 8654Kms had been awarded in various parts of the country with an estimated total construction cost of Kshs. 398.6 Billion. As at the end of the FY, a total of 4,838Kms had been upgraded to bitumen standard. Over the years since the rollout, the Programme has suffered erratic and reducing budgetary allocation coupled with late exchequer releases. The Authority is committed to timely payment of Interim Payment Certificates (IPCs) to Contractors and submitting statutory deductions to relevant authorities. However, due to inadequate budgetary allocations and delayed exchequer releases, the Authority has accumulated pending payments and bills of approximately Kshs. 41 billion

The budgetary constraints has negatively impacted on the progress of works, compelling several Contractors to either suspend works, issue notice to suspend works or reduce rate of work or issue notice to claim interest on delayed payments. The consequence to this was an output of 646.23Kms against a target of 1,147Km for roads upgraded to bitumen standard under the Development Vote. However, projects implemented under the Road Maintenance Levy Fund (RMLF) had an exemplary performance with 23,024Kms of roads routinely maintained against a target of 20,233Kms.

This achievement can be attributed to the support, firm guidance and the positive direction given by the Board of Directors. Moreover, the dedication, innovation and commitment to duty by the Authority staff made it possible for Management to perform and achieve to the expectation of the Board and other stakeholders without difficult.

The Authority also counted on the critical and invaluable cooperation and support from our stakeholders, the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works and The National Treasury and Planning for their distinguished role in helping us achieve our mandate through both policy and budgetary support. In addition, our appreciation goes to development partners (KfW, AfD, BADEA and EU) and related road agencies for their continued support.



Eng. Philemon K. Kandie MBS
Director General

REVIEW OF PERFORMANCE FOR FY 2021/2022

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Kenya Rural Roads Authority has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. The achievements of strategic pillars were as follows:

Key Result Area	Performance Target	Planned Activities/Outcome	Outputs 2021-2022
Strategic Objective 1: To increase the national secondary trunk road network under bitumen			
1. Roads designed	<ul style="list-style-type: none"> To design 1,088.2 km of rural road network 	<ul style="list-style-type: none"> Design roads to support accessibility to all production, market and social centers' for enhanced economic growth 	<ul style="list-style-type: none"> 1,089.7 km
2. New roads constructed under Conventional approach (Km)	<ul style="list-style-type: none"> To upgrade 30.69 km of rural roads network to bitumen standards 	<ul style="list-style-type: none"> Open up rural roads to reduce transport cost and journey time. 	<ul style="list-style-type: none"> 26.6 km
3. Maintenance of Roads under Annuity Program (Km)	<ul style="list-style-type: none"> To upgrade 91.5 km of rural roads network to bitumen standards 	<ul style="list-style-type: none"> Open up rural roads to reduce transport cost and journey time. 	<ul style="list-style-type: none"> 91.5 km
4. New roads upgraded under Roads 2000 Program - LVSR (Km)	<ul style="list-style-type: none"> To upgrade 12.3 km of rural roads network to bitumen standards 	<ul style="list-style-type: none"> Open up rural roads to reduce transport cost and journey time. 	<ul style="list-style-type: none"> 12.3 Km
5. New roads constructed under Roads 10,000 Program (Km)	<ul style="list-style-type: none"> To upgrade 1,104.4 km of rural roads network to bitumen standards 	<ul style="list-style-type: none"> Open up rural roads to reduce transport cost and journey time. 	<ul style="list-style-type: none"> 607.4 Km
6. Bridges Constructed Program (Number)	<ul style="list-style-type: none"> To construct 6 No. bridges 	<ul style="list-style-type: none"> Design and construct bridges to support accessibility to all production, market and social centers' for enhanced economic growth 	<ul style="list-style-type: none"> 7 No. Constructed
Strategic Objective 2: To improve maintenance and rehabilitation of the national secondary trunk road network			

Key Result Area	Performance Target	Planned Activities/Outcome	Outputs 2021-2022
7. Periodic maintenance (km)	<ul style="list-style-type: none"> To carry out periodic maintenance of 98.2 km of rural road network 	<ul style="list-style-type: none"> Well maintained roads 	<ul style="list-style-type: none"> 98.2 km
8. Roads reconstructed and rehabilitated (km)	<ul style="list-style-type: none"> To rehabilitate 86.0 km of rural road network 	<ul style="list-style-type: none"> Well maintained rural roads 	<ul style="list-style-type: none"> 86.0 km
9. Axle load monitoring	<ul style="list-style-type: none"> To monitor 45 No. rural roads for axle loading 	<ul style="list-style-type: none"> Safeguarding rural roads investment 	<ul style="list-style-type: none"> 69 No. rural roads monitored for axle loading.
10. Roads Maintenance under RMLF-Routine	<ul style="list-style-type: none"> To Maintain 20233Km of rural road 	<ul style="list-style-type: none"> Well maintained and Motorable rural roads 	<ul style="list-style-type: none"> 23,024 km Maintained
11. Technical Audits	<ul style="list-style-type: none"> Undertake 20.No Technical Audits 	<ul style="list-style-type: none"> Improve Quality of Roads 	<ul style="list-style-type: none"> 20 No technical audits undertaken
Strategic Objective 3: To develop road Management plans and systems			
12. Road Reserves Mapping	<ul style="list-style-type: none"> To Map 1,213.50 Km of road reserves 	<ul style="list-style-type: none"> Safeguard Road Asset from encroachment 	<ul style="list-style-type: none"> 1,213.52Km road reserve mapped.
13. Traffic census	<ul style="list-style-type: none"> Traffic count report at 100% census points. 	<ul style="list-style-type: none"> Traffic census data for planning and design purposes 	<ul style="list-style-type: none"> Report on traffic count at 100% census points.
Strategic Objective 4: To Enhance Service Delivery			
14. Implementation of Citizens' Service Delivery Charter	<ul style="list-style-type: none"> Reviewed and printing of Services Charter in English and Kiswahili. The Charters have been displayed prominently in the size indicated in the Staff sensitized on the Customer Service Charter and the Service Charter. 	<ul style="list-style-type: none"> Informed citizens Improved customer Care 	<ul style="list-style-type: none"> The Charters have been displayed prominently in the size indicated in the guidelines 205 No. Staff sensitized on the Customer Service Charter and the Service Charter has been cascaded and circulated to all 47 Regional Offices as per the guidelines
15. Application of Service Delivery Innovations	<ul style="list-style-type: none"> Wide area network implemented for HQ and all the 47 regions 	<ul style="list-style-type: none"> Implementation of ERP 	<ul style="list-style-type: none"> Finance and HR Currently using ERP for processing all payments

Key Result Area	Performance Target	Planned Activities/Outcome	Outputs 2021-2022
	<ul style="list-style-type: none"> Virtual Private Network access already implemented for 275No. staff both HQ & regions -10% Finance, HR, Payroll, EDMS, ICT ESS Modules have already gone live Resolve all public complaints 	<ul style="list-style-type: none"> Satisfied public 	<ul style="list-style-type: none"> Resolved all public complaints for the quarter and forwarded report to CAJ in the prescribed format
16. Resolution of Public Complaints			
<ul style="list-style-type: none"> Strategic Objective 5: To enhance Corporate Governance 			
17. Develop capacity of the Board	Five (5) trainings for the Board: <ul style="list-style-type: none"> Board Audit Risk and Governance Committee Board Human Resource Committee Board Technical Committee Full Board retreat Board Finance Committee 	<ul style="list-style-type: none"> Undertake Board trainings 	<ul style="list-style-type: none"> Enhance capacity for the New Board.

CORPORATE GOVERNANCE STATEMENT

Overview

The Board provides oversight to management who are responsible for the day to day running of the organization and emphasizes on principles of good Corporate Governance in the discharge of its mandate. The Board has 4 committees through which it discharges its mandate and is evaluated annually by SCAC. The positions of Chairman and Director General are held by different persons, as stipulated in the Mwongozo Code of Corporate Governance for State Corporations.

The Board and management have been trained on the Mwongozo Code of Corporate Governance for State Corporations.

Organization structure of the Authority

The Kenya Rural Roads Authority is governed by a Board of Directors as per Kenya Roads Act 2007. The day to day management of the Authority is carried out by the Director General who is also secretary to the board. The Authority carries its mandate through the following Directorates.

- a) Directorate of Development
- b) Directorate of Road Asset Management
- c) Directorate of Research, Strategy & Compliance
- d) Directorate of Planning, Design and Environment
- e) Directorate of Corporate Services
- f) Directorate of Audit Services.
- g) Corporation Secretary/ Legal Affairs Department
- h) Supply Chain Management Department.

Appointments to the Board

Appointments to the Board are carried out pursuant to section 8 of the Kenya Roads Act 2007. The Chairman of the Board is appointed by the President of the Republic of Kenya. Members of the Board are appointed by the Cabinet Secretary, Ministry of Transport, Infrastructure, Housing,, Urban Development & Public Works on recommendation of the various nominating institutions provided for under the Kenya Roads Act 2007.

Board Organization and structure

The composition of the Board is as per the provisions of Section 8 of the Kenya Roads Act 2007. The Board is composed of representatives of relevant Government Ministries and private sector as represented by the various nominating bodies and is independent of management. The Board has set up Four standing committees to discharge its oversight role.

The role of the Board

The role of the Board is to provide strategic direction and oversight to management in the running of the Authority's affairs.

Activities of the Board

It is the responsibility of the Chairman and the Secretary to work closely together in planning the annual program and agendas for meetings. The Board is required to meet at least four times a year and the meetings are structured to allow open discussion. All substantive agenda items have comprehensive briefing papers, which are circulated well in advance.

In addition to regular Board meetings, there are a number of other meetings to deal with specific matters. When directors are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the Chairman or the Director General prior to or after the meeting.

During the period under consideration, the Board had various meetings to deliberate on issues affecting the Authority. The Board also made several site visits to inspect various projects being undertaken by the Authority. An evaluation of the Board was also carried out during the period.

Board Effectiveness

The Board is sufficiently independent of management and performs its functions in a way to enhance Board effectiveness. To further enhance effectiveness, the directors have been trained on various issues on Corporate Governance and Mwogozo code of conduct

Board Committees

In line with the provisions of the Kenya Roads Act 2007, the Board established four Standing Committees. These are Board Finance Committee, Board Human Resources Committee, Board Audit, Risk & Governance Committee and Board Technical Committee. The committees are provided with all necessary resources to enable them to undertake their duties in an effective manner.

Board Audit, Risk & Governance Committee

The Board Audit Committee was established in accordance with the provisions of Treasury Circular No 16. of 25. The Board receives reports from the Audit Committee. The Internal Audit function reports directly to the Board Audit Committee and is independent of management operations.

Board Finance Committee

The committee meets on Quarterly basis. The committee assists the Board in its oversight role of the Authority relating to Authority's finance matters. This is as per the committees Terms of Reference.

Board Human Resource Committee

The committee assists the Board in its oversight role of the Authority relating to Authority's human resource matters. This is as per the committees Terms of Reference.

Board Technical Committee

The committee assists the Board in its oversight role of the Authority's function relating to the technical issues relating to the Authority's mandate. This is in terms of the design, construction and maintenance of roads under the Authority's mandate.


DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's operational and financial performance

The National Government's commitment continues to be seen through the improved budgetary allocation to the road sector. In the Period under review, the Authority received a total of 64.4 Billion against a budget allocation 66.3.Billion

SECTION B

Entity's compliance with statutory requirements

The Authority has complied with all statutory requirements externally imposed throughout the Period. There are no major noncompliance issues that may expose the authority to potential contingent liabilities.

SECTION C

Key projects and investment decisions the entity is planning/implementing

The Authority has an ongoing portfolio of 8,765 Kms of contracts under reconstruction and Upgrading worth Kshs. 399.6 Billion with 3,836 Kms expected to be completed within the next three years at total cost of Kshs. 179.4 Billion. The Bulk of the contracted works falls under R10,000 Low Volume Sealed Roads Programme. Over the years, the Contracts under the Annuity Programme through Public Private Partnership; Ngong – Kiserian – Isinya and Kajiado – Imaroro Roads and LVSR has achieved a cumulative 4,930 Kms in terms of milestones.

SECTION D

Major risks facing the entity

The major risks that the authority is exposed to are reported on the note 26 of this report

SECTION E

Material arrears in statutory/financial obligations

The Authority is not in arrears in the payment of statutory obligations though it has pending bills of approximately Ksh 41 billion as at 30th June 2022. These have been included as part of Payables.

SECTION F

The entity's financial probity and serious governance issues

There has been no reports of financial improbity by the internal audit, external audit nor Other Government agencies.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY

1. Sustainability strategy and profile

A broad Political, Economic, Social, Technological, Environmental and Legal (PESTEL) scan was undertaken with a view to describing the circumstances under which the Authority operates so as to be able to appreciate the factors that will either support or impede the process of implementing the Strategic Plan.

Factor	Strategic implication	Strategic Response
Political Factors		
1.Stakeholder Engagement	<ul style="list-style-type: none"> Challenges with project planning and implementation Cost inflation due variation 	<ul style="list-style-type: none"> Adherence to project implementation Guidelines Public participation Adherence to Annual Road Works Program (ARWP)
2.Funding to the Authority affected by political dynamics	<ul style="list-style-type: none"> Low funding level in comparison to increased demand for better roads Additional funding 	<ul style="list-style-type: none"> Lobby parliament and cabinet Stakeholder engagement
3. Multiplicity of players in policy development	<ul style="list-style-type: none"> Interference with policy implementation Conflicting directives leading to risk of non-compliance 	<ul style="list-style-type: none"> Lobby parliament and cabinet Stakeholder engagement
4. Weak institutional leadership	<ul style="list-style-type: none"> Interference with institutional governance Partial or total Non-adherence to policies and guidelines 	<ul style="list-style-type: none"> Uphold Corporate governance guidelines Develop assertive leadership Capacity building
5. Prolonged political activity	<ul style="list-style-type: none"> Interference with project implementation Gaps in leadership and direction 	<ul style="list-style-type: none"> Adherence to project implementation guidelines Engagement with relevant stakeholders
Economic Factors		
1 .Lack of adequate funds	<ul style="list-style-type: none"> Maintenance backlog (increased road asset deterioration) High vehicle operating costs High road user costs Reduced network improvement High cost of interest payments 	<ul style="list-style-type: none"> Increase RMLF allocations Lobby for enhanced external funding Explore alternative options of funding Increased collaboration with external partners
2.Fiscal and Monetary Policies	<ul style="list-style-type: none"> High taxation Inflation High cost of fuel and road works materials Limitations to line budgetary items 	<ul style="list-style-type: none"> Monitoring and review of policies and strategies Macroeconomic stability Adaptation to changes in fiscal policy
3.Regional economic disparities	<ul style="list-style-type: none"> Discrepancies in economic empowerment among counties (Marginalized areas) Skewed regional competitive advantage. 	<ul style="list-style-type: none"> Increased Equalization fund Increased Equitable 10% RMLF Standardisation and harmonisation
Social Factors		
1.Road Reserve Encroachment	<ul style="list-style-type: none"> Increased accidents Loss of livelihoods Increased project costs 	<ul style="list-style-type: none"> Road reserve demarcation Public sensitization Stakeholder engagement

Factor	Strategic implication	Strategic Response
	<ul style="list-style-type: none"> • Hostility • Interference with project implementation 	
2.Poor adherence to axle load limits	<ul style="list-style-type: none"> • Costly maintenance of roads • Reduced road lifespan 	<ul style="list-style-type: none"> • Public sensitization • Enforcement of axle load limits • Periodic road design reviews • Stakeholder engagement
3.Meeting Societal Expectations	<ul style="list-style-type: none"> • Formulation and review of ARWP • Formulation and review of Corporate Social Responsibility (CSR) work plan 	<ul style="list-style-type: none"> • Effectively manage expectations • Public sensitization • Engagement with stakeholders • Upholding organizational core values
Technological Factors		
1.Automation and information security	<ul style="list-style-type: none"> • High investment in ICT systems and infrastructure • Effective information security management • Enhanced efficiency and operational interconnectivity 	<ul style="list-style-type: none"> • Develop suitable ERPs • Develop and implement information security strategies • Implement ISMS
2.Emerging technologies in road construction and ICT	<ul style="list-style-type: none"> • Incorporate usage of locally available materials and labour • High cost of transition • Need for matching staff knowledge and exposure with technology 	<ul style="list-style-type: none"> • Adaptation of technology and road construction concepts to emerging trends including R2000 & R10,000 • Monitor obsolescence of technology and approaches • Frequent updates • Plan for future technological improvements • Capacity building
Ecological factors/Environmental		
1.Adverse weather conditions (floods, mudslides, prolonged rainfall and drought)	<ul style="list-style-type: none"> • Partial or total cut-off of the road network • Increased frequency and costs of road and maintenance and rehabilitation works • Delay in execution of projects in adverse weather and Cost overruns • Availability of manpower 	<ul style="list-style-type: none"> • Develop and implement annual disaster mitigation and management strategy • Enhance works insurance to cover adverse weather
2.Availability of natural road construction material	<ul style="list-style-type: none"> • Depletion of natural resources • High construction costs • Damage to economically productive land 	<ul style="list-style-type: none"> • Research on alternative road construction material • Embrace viable emerging technologies

2. Environmental Performance Sustainability

Kenya Rural Roads Authority (KeRRA) exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

i) Sustainability Strategy and Profile

The Sustainable Development Goals (SDGs) as adopted by the United Nations in 2015 recognize that action in one area will affect outcomes in others, and that development must balance economic, social and environmental sustainability.

The Authority's Board and Management recognize that there is no country that is not experiencing drastic effects of environmental degradation and climate change as a result of unsustainable development practices. Slower motion environmental crises are undermining ecosystem services, reducing the economic productivity of key sectors, such as agriculture. As these multiple, interlinked crises deepen, so the political and cultural appetite for change grows. Over the decade ahead, we can expect to see a greater population prioritizing environmental issues, particularly where there is a strong, direct link to their own health and wellbeing.

There is therefore a strong need for moving beyond narrow economic measures of national progress, to a development approach that integrates environmental, social, and governance factors into growth analysis. Research has shown that the countries that have been able to blend economic dynamism with environmental, social, and governance dynamism are mostly developing economies.

Overall, KeRRA recognizes the provisions in the Constitution, of the right to a clean and healthy environment to every person, and the right to have the environment protected for the benefit of present and future generations through legislative and other measures. The Authority therefore has a duty to cooperate with various State organs and other persons to strive towards protecting and conserving the environment, and ensure ecologically sustainable development and use of natural resources.

ii) Environmental performance

KeRRA acknowledges that its various operations have potential impacts on the environment. It is therefore the Authority's commitment to conserve natural resources, maximize eco-efficiency, reduce waste and climate change impacts, and prevent pollution throughout its operations.

The Authority has an Environmental and Social Sustainability Policy which was formulated to conform to the prevailing Government strategies as highlighted in the National Environment Policy. In accordance with the Policy, the Performance Contracting guidelines and the requirements of the Environmental Management and Coordination Act, the Authority implemented the following activities during the 2021/2022 financial year: -

Measures to mitigate against water, air, noise and other forms of pollution

Environmental Impact Assessment (EIA) Licenses were issued by NEMA for 22 No. Projects. Moreover, the Authority has continued to monitor compliance to the Environmental & Social Management Plans and EIA License conditions for the various projects under implementation, and corrective measures have been employed whenever a non-conformity is noted.

Promoting Environmental Protection and Conservation through Stakeholder Partnerships

The Authority sponsored and participated in the World Environment Day (WED) National Commemoration held on 6th June, 2022 in Nyeri County.

Tree Planting Initiatives

Ten Thousand(10,000)number of trees were planted across our 47 Regional Offices.

The above initiatives are aimed at enhancing the Authority's efforts to manage biodiversity, ensure sustainable waste management and in the long run minimize the institution's environmental footprint. Nevertheless, like all other sectors and institutions, the Authority did not achieve its full potential towards environmental sustainability as a result of the Covid-19 pandemic. The Authority will ensure that the journey towards economic recovery will consider actions that are environmentally sustainable.

3. Employee welfare

The Authority has a staff pool of 598 staff members of various cadres stationed both at the Head office and the 47 regional offices. In the Current Dynamic labour market, the Authority endeavours to keep its employees motivated and up to date with the current trends by ensuring continuous personal development through trainings, providing employee welfare programmes and supporting staff membership to professional bodies and ensuring staff have resources necessary for execution of works within the financial constraints.

To ensure ease of access to the services the Authority has automated the processes in various functional areas through the Enterprise Resource Planning (ERP) System.

The Authority Human Resource Function is guided by the Human Resource Management instruments. These Instruments define the relationship between the Authority and its employees both permanent and those on contract, on a wide range of issues. These include the Human Resource Policy and Procedures Manual, the Organization Structure and Staff Establishment and the Career Progression Guidelines.

The Authority's Performance Management measures employee performance and ultimately the achievement of the intended results for the organization. The Staff Performance Appraisal System (SPAS) is premised on the principles of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including employee development, career progression, placement, rewards and sanctions.

4. Market place practices

Anti corruption

Contractor have declaration forms in tender documents and the evaluation committees also sign declaration forms on conflict of interest .

The authority through the Constituency Roads Committees (CRC) in the various regional offices engages the various stakeholders in prioritization of maintenance roads.

The Authority through its Procurement Department uses the most preferred procurement method based on service and goods being procured. Open Notational tenders is used encourage competition among suppliers. The bidders are debriefed on how they performed during the tendering process and notification to all participating bidders indicating the successful bidders.

The Authority trains is suppliers on what is expected of them in terms of the bidding process, ethical behavior and confidentiality of information. Special groups have also been allocated tenders.

5. Community Engagements-

The Authority allocated **Ksh5 million** towards Corporate Social Responsibility Programmes for FY2021-2022. In the reporting period, the Authority received a high number of requests for support from various quarters. It is noteworthy that the Authority initiated and participated in new projects in the reporting period such as the support towards Kenyatta National Hospital Children's Wing and the Don Bosco Home & Schools donation.

The Authority's CSR further benefitted through collaboration with key stakeholders like the State Department of Infrastructure and supportive Contractors who enabled the fulfillment of projects requiring significant funding such as construction of buildings.

Below is a tabulation of all CSR activities carried out in the FY2021-2022.

Table I: Programmes Funded Directly through the Operational Budgetary Allocations

No.	PROJECT NAME	PARTICIPANTS/ SCOPE	DETAILS	LOCATION	DATE	AMOUNT (Ksh) /VALUE
1.	Eldama Ravine Half Marathon	KeRRA and Other Agencies supporting the Programme	Sponsorship fee	Eldama Ravine, Baringo County	October, 2021	922,400
2.	Annual Day for Remembrance of Road Accident Victims	KeRRA, NTSA, and religious groups	Remembrance of victims of road accidents and awareness on the same in liaison with NTSA	Nairobi County	November, 2021	150,000
3.	Engineering Students Association annual conference	KeRRA, Government Agencies and Student Bodies	Conference for Associates of Engineering Students in Kenya	Nairobi	March, 2022	500,000
4.	AIC Githumu Mission Hospital	KeRRA Staff,	<ul style="list-style-type: none"> Request for financial assistance to attend to patients' needs Donations included beds and mattress 	Muranga County	March, 2022	498,600
5.	Nyeri Hospice Charity Golf Tournament	KeRRA Staff, Regional Office, Associated Agencies	Charity event towards supporting the Hospice	Nyeri County	March, 2022	294,800
6.	Kenyatta National Hospital	KeRRA Staff	<ul style="list-style-type: none"> Adopt a Bed at KNH To assist in the Children's Wing Project 	Nairobi County	March, 2022	910,000
7.	Don Bosco Home and Schools	KeRRA Staff	Purchase of dry foodstuff, stationery, and sports items	Nairobi County	May, 2022	600,000

8.	Springs of Hope Street Children facility	KeRRA Staff	Purchase of dry foods stuffs, and educational materials	Nairobi County	May, 2022	200,000
9.	Mater Heart Run	KeRRA, the Public, and other Agencies supporting the cause	Catholic Mission in support of Children with heart defects	Nairobi County	June, 2022	500,000
10.	Hospitality and Tourism Sports Organization	KeRRA staff and HOTOSO teams	HOTOSO launch	Nairobi County	June, 2022	90,600
Total						4,666,400

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 30th June 2022, in accordance with the provisions of section of the 38 of Kenya Roads Act 2007 which disclose the state of affairs of the Authority.

Principal activities

The principal activity of the authority is the management, development, rehabilitation and maintenance of the Rural Road Network in Kenya classified as C and others.

Results

The results for the Authority for the year ended 30 June 2022 are set out on page 32.

Directors

The directors who held office during the year and to the date of this report are set out on page 3-7.

Auditors

The Auditor General is responsible for the statutory audit of the Authority's books of account in accordance with the provisions of Article 229 of the Constitution of Kenya, Kenya Roads Act 2007 and the Public Audit Act, 2015

By order of the Board

Name : Eng. Philemon Kandie MBS Signature..........Date.....

Secretary to the Board

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes:


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


The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2022, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain as 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 27th June 2022 2022 and signed on its behalf by:

Signature: 
Name: Prof.(Eng) Oyuko Mbeche EBS
Chairperson of the Board

Signature: 
Name: Eng. Philemon K. Kandie MBS
Director General

REPUBLIC OF KENYA



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Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON KENYA RURAL ROADS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Rural Roads Authority set out on pages 32 to 70, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effects of the matter described 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 Rural Roads Authority as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kenya Roads Act, 2007.

Basis for Qualified Opinion

1. Unreconciled Development Partners Grants

The statement of financial performance and Note 8 to the financial statement reflects Development Partners Grant totalling to Kshs.520,945,000 in respect to Bank for Economic Development in Africa (BADEA) Kshs.476,150,000 and European Union Kshs.44,795,000. Review of the project audited accounts revealed "Gilgil Machinery" Road Project file funded by BADEA revealed that Kshs.414,210,668 was disbursed to the project, and Kshs.5,000,000 was disbursed towards German Development Bank (KFW) resulting to unexplained and unreconciled variances of Kshs.61,939,332 and Kshs.5,000,000 respectively.

In the circumstances, the accuracy of development partners grant amount of Kshs.520,945,000 could not be confirmed.

2. Road Works Expenditure

2.1 Road Maintenance Levy Fund (RMLF)

The statement of financial performance and Note 12 to the financial statements reflects road works expenditure totalling to Kshs.40,197,725,000. Included in this expenditure is RMLF 22% Constituency Roads Fund of Kshs.7,950,824,000 while the trial balance provided for audit review reflected an amount of Kshs.7,892,511,000 resulting to a variance of Kshs.58,313,000 which was not explained or reconciled.

Further, the expenditure of Kshs.7,950,824,000 under constituency roads fund and Kshs.3,994,932,000 on critical link roads against road maintenance levy of Kshs.7,510,716,000 and Kshs.3,329,411,000 respectively, resulting to over expenditure of Kshs.440,108,000 and Kshs.665,521,000 was not explained or supported. In addition, the basis for the allocation among the specific funds was not provided.

In the circumstances, the accuracy of the RMLF 22% Constituency Roads Fund amount of Kshs.7,950,824,000 and road maintenance levy fund expenditure of Kshs.870,813,000 could not be confirmed.

2.2 Donor Funded Projects

The statement of financial performance and Note 12 to the financial statements reflects road works expenditure totalling to Kshs.40,197,725,000. Included in the road works expenditure amount of Kshs.40,197,725,000 is an amount of Kshs.870,813,000 under Donor Funder Projects. However, review of financial records under the projects revealed that Kshs.414,210,670, Kshs.44,974,887 and Kshs.5,000,000 was disbursed to BADEA, EU and KFW Projects respectively all totalling to Kshs.464,185,557 resulting to an unexplained and unsupported variance of Kshs.406,627,443. In addition, the corresponding revenue for German Development Bank (KFW) was not captured in the statement of financial performance.

In the circumstances, the accuracy of the Donor funded projects of Kshs.870,813,000 could not be confirmed.

2.3 GoK Spot Improvement Funds

Included in the road works expenditure of Kshs.40,197,725,000 is an amount of Kshs.18,072,580,000 incurred under GoK Spot Improvement Funds. However, review of records revealed that Kshs.17,799,054,000 was received under this item resulting to underfunding of Kshs.273,526,000. Further, expenditure analysis provided resulted to an amount of Kshs.18,075,429,682 as analyzed below resulting to a variance of Kshs.2,849,682 which was not explained or supported.

Item	Kshs.
RW GOK_Maintenance_Projects	15,702,892,608
Socio Economic Baseline, Monitoring and Evaluation	(154,700)
Survey and Road Mapping	24,976,221
Environmental Sustainability	(512,950)
Axle Load Monitoring, Traffic Census and Road Safety	15,669,994
Emergency Culverts and Bridges	712,640
ARICS	781,600
Routine and Spot Improvement	437,381,847
Periodic Maintenance	1,859,650,262
Axle Load	176,400
LVS Management Cost	33,855,759
Sub-Total	18,075,429,681

In the circumstances, the accuracy of GoK Spot Improvement Funds expenditure of Kshs.18,072,580,000 could not be confirmed.

3. Expenditure of Overheads from Bill One Deductions

Analysis of expenditure shows that a total of Kshs.4,197,279,000 was spent on overheads out of which Kshs.804,082,000 was financed by Kenya Roads Board Overheads allocation and Kshs.3,393,197,000 financed by bill one deductions from contracts. It was further noted that Kshs.2,953,523,000 from bill one was used to finance office operational cost which were non-roads related expenditure. It was also noted that the Authority

reported a surplus of Kshs.2,706,634,000 which was financed from bill one expenditure of Kshs.2,953,523 000 as shown in the table below;

	Amount Kshs.
Total Expenditure	
Directors Costs	32,085,000
Employment Costs	2,821,451,000
Repairs and Maintenance	169,130,000
Other Operating Costs	1,174,613,000
Total Expenditure	4,197,279,000
Less: Utilization from KRB Funds (KRB Receipt Operations - Operating Surplus)	(804,082,000)
Expenditure from Bill One	3,393,197,000
Less Expenditure Related to Roads: CRC and Tender Evaluation	(216,437,000)
Less Expenditure Related to Roads: Fuel and Other Vehicle Running Expenses	(173,468,000)
Less Expenditure Related to Roads: Motor Vehicles Repairs and Maintenance	(49,769,000)
Total Expenditure for Bill One Used for Other Overheads	2,953,523,000

In the circumstances, the validity of the expenditure totalling to Kshs.2,953,523,000 could not be confirmed.

4. Unsupported Security Expenses

The statement of financial performance and Note 16 to the financial statements reflects other operating costs totalling to Kshs.1,174,613,000. Included in this amount is an expenditure of Kshs.111,091,000 incurred on security out of which an amount of Kshs.45,457,960 was paid for arbitration proceedings between the Authority and a security firm. No explanation was provided on why the expenditure was not charged under legal fees. Review of records indicated that security services pending bill for security firm amounted to Kshs.27,500,000. The basis for the payment of Kshs.45,457,960 was not provided.

In addition, included in the security expenditure of Kshs.111,091,000 is a payment of Kshs.7,004,804 made to another security firm being claim as a result of reconciliation of previous payments. No analysis indicating previous payments was provided for audit verification as indicated in KeRRA Internal Memo Letter Ref. No: KeRRA/02/3/38/Vol.5(11) dated 16 November, 2021. The full contract agreement was also not provided for audit. Further, the security firm had no security pending bills as per the budget.

In the circumstances, the propriety and validity of security payments totalling Kshs.52,462,764 could not be confirmed.

5. Unsupported Foreign Travel by Non-Executive Directors

The statement of financial performance and Note 13 to the financial statements reflects Directors' costs amount of Kshs.32,085,000 This amount constitutes executive and non-executive Directors' costs of Kshs.11,008,000 and Kshs.21,078,000 respectively. Included in the non-executive Directors' costs of Kshs.21,078,000 is an amount of Kshs.9,483,878 incurred on foreign travel and subsistence but charged under subsistence local expenses. Further, the expenditure on foreign travel to Turkey of Kshs.2,969,007, South Africa of Kshs.1,625,912 and Israel of Kshs.4,888,958 was not supported with boarding passes and approved work plans as evidence that the journeys had been factored in the work plans. In addition, the expenditure exceeded the Directors overseas travel budget of Kshs.1,198,000.

In the circumstances, the accuracy and validity of non-executive balance of Kshs.21,078,000 could not be confirmed.

6. Unreconciled Employment Costs

The statement of financial performance reflects employment costs totalling to Kshs.2,821,451,000 which includes salaries and wages totalling to Kshs.1,881,261,000. Included in the amount is Kshs.6,617,168 paid to interns engaged during the year. Scrutiny of the approved interns' payroll for the month of April, 2022 revealed inconsistencies between the interns' payroll and the payroll reconciliation summary as analyzed below: -

	Interns Payroll (Kshs.)	Payroll Reconciliation Summary (Kshs.)	Variance (Kshs.)
Nhif Relief	7,290	7,928	(638)
Personal Relief	136,800	144,000	(7,200)
Salary	1,355,000	1,430,000	(75,000)
Basic Pay Arrears	149,515	344,675	(195,160)
Total Earnings	1,504,515	1,926,602	(422,087)
NHIF	48,600	52,850	(4,250)
NSSF	11,400	12,000	(600)
PAYE	42,941	100,698	(57,757)
Total	3,256,061	4,018,753	(762,692)

In the circumstances, the accuracy and completeness of the salaries and wages of Kshs.1,881,261,000 could not be confirmed.

7. Cash and Cash Equivalent

The statement of financial position and as disclosed in Note 18 to the financial statements reflects cash and cash equivalents balance of Kshs.44,527,506,000. Review of bank reconciliation statements in respect of RMLF Operations Account, Salaries Account and Roadworks account under Headquarters revealed unrepresented cheques which had not

cleared for over six months amounting to Kshs.25,648,898, Kshs.1,308,690 and Kshs.736,145 respectively.

Further, analysis provided under summary of cash and bank balances in KeRRA head office reflects 3 bank accounts with cumulative retention funds of Kshs.2,604,405,029 as at 30 June, 2022. However, Note 24 to the financial statements reflects contract retention totalling to Kshs.7,985,152,000 as at the same date. The variance of Kshs.5,380,746,971 was not explained or reconciled.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.44,527,506,000 could not be confirmed.

8. Long Outstanding Staff Advances

The statement of financial position reflects receivables from non-exchange transaction balance Kshs.1,665,795,000 which includes; advances to staff of Kshs.43,271,000, deposits and prepayments of Kshs.64,223,000 and other receivables of Kshs.1,558,302,000. Advances to staff consists of long outstanding staff imprest of Kshs.40,676,791 and staff advances of Kshs.2,594,154 totalling Kshs.43,270,945 which has not been recovered. Some of these advances date back to the year, 2019.

In the circumstances, the recoverability of staff advances of Kshs.43,271,000 could not be confirmed.

9. Failure to Revalue Fully Depreciated Fixed Assets in Use

Fixed assets amounting to Kshs.819,328,471 included in the Authority's asset register were fully depreciated, still in use and had not been revalued as detailed below;

Fixed Asset	Acquisition Cost (Kshs.)
Building	1,769,314
Plant and Machinery	52,852,955
Motor Vehicles	421,760,160
Office Equipment	20,901,583
Furniture and Fittings	117,850,008
Computers and Software	204,194,451
Total	819,328,471

This is contrary to Paragraph 49 of the International Public Sector Accounting Standard (IPSAS) No.17 on property, plant and equipment, which provides for revaluation of property plant and equipment every three to five years.

In the circumstances, the fair valuation of the fully depreciated property, plant and equipment with a cost of Kshs.819,328,471 could not be confirmed.

10. Lack of Roads Inventory

The statement of financial position and Note 22 to the financial statements reflects road infrastructure assets balance of Kshs.124,175,119,000 comprising of a balance brought forward of Kshs.118,640,409,000 and transfer from work in progress of Kshs.5,534,710 during the year. However, Management did not provide an inventory of the roads under the Authority that make up the disclosed amount.

In the circumstances, the accuracy, completeness and validity of roads infrastructure assets totalling to Kshs.124,175,119,000 could not be confirmed.

11. Unsupported Payables

The statement of financial position and Note 24 to the financial statements reflects payables balance of Kshs.48,908,092,000 which includes current payables from exchange transactions balance of Kshs.40,922,940,000 and non-current payables from exchange transactions balance of Kshs.7,985,152,000. However, the payables schedule in support of the disclosed amounts was not provided for audit review.

Further, the following variances in payables were noted between the financial statements balances and the respective ledgers balance:

Item Details	Financial Statement Balance (Kshs.)	Ledger Balance (Kshs.)	Variance (Kshs.)
Due to Contractors			
Trade Creditors	38,277,691,914	10,306,481,017	27,971,210,897
Equalization Fund HQ	450,487,885	231,249,383	219,238,502
Other Trade Payables - General			
Performance Security Bonds	2,028,000	1,250,000	778,000
Trade Creditors	2,036,897,598	928,466,654	1,108,430,944
CRC Payables	8,649,245	8,431,314	217,931
Other Payables			
PAYE	676,867	2,391	674,476
NHIF	844,660	19,700	824,960
NSSF	792,964	56,644	736,320
Payroll Control	5,936,955	637,341	5,299,614
Withholding Tax (VAT)	17,530,669	1,458,142	16,072,527
Withholding Income Tax	17,851,288	48,183	17,803,105
Other Deductions	5,165,948	2,183,764	2,982,184
Staff Insurance	63,385,000	35,730,000	27,655,000
Staff Creditors	131,000	3,099,023	-2,968,023
Non-Current Payables			
Contract Retention	7,985,152,000	739,369,623	7,245,782,377
Total	48,873,221,993	12,258,483,179	36,614,738,814

In addition, the current payables of Kshs.40,922,940,000 includes an amount of Kshs.38,629,061,000 due to contractors. As previously reported, the Authority continues to incur interest expense on account of delayed payments to contractors. Review of related records revealed that as at 30 June, 2022, the Authority had accumulated interest on delayed payments of Kshs.3,015,324,661 (2021 - Kshs.1,891,100,494). Although Management explained that this was occasioned by delayed Exchequer releases, the interest charge is avoidable expenditure and therefore not a proper charge to public funds.

In the circumstances, the accuracy and validity of payables balance of Kshs.48,908,092,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Rural Roads 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.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget and actual amount on comparison basis of Kshs.69,588,352,000 and Kshs.66,483,620,000 resulting to underfunding of Kshs.3,104,733,000 or 4.5% of the budget. Similarly, the Authority incurred actual expenditure of Kshs.63,675,244,000 against final expenditure budget of Kshs.81,004,390,000 resulting in an under-expenditure of Kshs.17,329,146 or 21% of the budget. Further, approvals for the over-expenditure in respect of road works cost - maintenance and employment costs of Kshs.145,478,000 and Kshs.17,835,000 respectively were not provided.

The under-expenditure affected the planned activities and may have impacted negatively on road infrastructure delivery to the public.

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. Failure to Adhere to a Third Gender Rule

An analysis of the staff bio data provided for audit revealed that out of seven hundred and forty-eight (748) staff, there were five hundred and twenty-five (525) male and two hundred and twenty-three (223) female. The number of women were therefore below a third of the total number of staff contrary to the requirements of Article 27(8) of the Constitution which stipulates that not more than two thirds of the members shall be of the same gender.

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

2. Non-Compliance with Third Rule of Basic Pay

An analysis of the payroll for the month of April, 2022 revealed that 45 employees had net salary way below a third of their basic pay which is contrary to Section 19(3)1 of the Employment Act, 2007 which states that “deduction may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry”.

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

3. Stalled and Incomplete Projects

3.1 Delayed Completion of Projects

Review of projects records provided for audit review revealed that in the financial year under audit, a total of thirty-one (31) new contracts were awarded on different dates, with total contract cost of Kshs.46,715,868,748. Further, there were 91 projects awarded between April, 2016 and September, 2020 with a total contract cost of Kshs.180,656,714,960 of which advance payments totalling to Kshs.16,198,531,681 had been paid as at 30 June, 2022. However, the projects remain incomplete mostly due to delay in payments.

In the circumstances, value for money for the incomplete projects could not be confirmed.

3.2 Ting’a – Igena – Itambe Road (Nyamira County)

Records provided for the above project revealed that the road was financed through the GoK Road Maintenance Fund and was in the work plan for financial year 2021/2022 at a budgeted of Kshs.17,500,000.

The tender was advertised through the standard newspaper on 25 January, 2022 and in the Authority's website, under preference and reservation for women. Minutes of tender opening meeting dated 23 February, 2022 shows that twenty-three (23) bidders responded. According to tender evaluation minutes dated 22 April, 2022 an engineering Company was found to be the lowest evaluated responsive bidder and professional opinion issued on 22 April, 2022 recommending approval of the recommendation of the evaluation report. On 27 May, 2022, notification of intention to enter into a contract was issued vide letter referenced KeRRA/08/8C/Vol.XV11(890).

The contract was awarded to the Company on 22 June, 2022 thereafter accepted on 27 June, 2022 and the contract signed on 28 July, 2022. On 02 August, 2022 commencement letter was issued by the Authority and site possession order given on 03 August, 2022. The contract was to take a period of six (6) months with a defect liability of three (3) months.

According to progress report dated 11 October, 2022, the Project was 100% complete and payment made on 07 December, 2022 through Banking vide payment voucher number PV:40449 of gross amount Kshs.14,202,436. The Contractor is yet to be paid retention amount of Kshs.727,876.

Further, Management did not provide the Inspection and Acceptance Committee report an indication that the works were not inspected and accepted before payment was effected. It was also noted that handing over of the road to Authority had not been done and the completion certificate had not been issued as at the time of the audit in February, 2023.

Physical Verification

Verifiable Roadworks done revealed:

Details	Audit Verification
Road Length	7.3Km
Tarmac Section in the Market	0.4Km
Road Works Done	6.9Km
Road Width	7meters
Signage	Not Done
Culvert Installation 900mm	8 Cross Culvert
Culvert Installation 600mm	9 Access Culvert
Stone Pitching	Done
Provide and Place Gabion Installation	Not Done and Not Paid For
Provide and Place Rock Fill to Gabion	Not Done and Not Paid For
Heavy Grading	Notable
Provide Gravel Wearing Course-Excavation Spread, Water and Compact Gravel to Specifications	Notable

The works were therefore, not fully complete and the outstanding retention amount of Kshs.727,876 may not be able to cover for the costs.

In the circumstances, value for money on amounts spent on the project could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of an Annual Training Plan

Included in the employment costs amount of Kshs.2,821,451,000 is an amount of Kshs.183,945,000 incurred under training and development in the year under review. It was noted that during the year under review, employees were sponsored for various training by the Authority. However, the Authority failed to provide an approved annual training plan to justify the expenditure.

In the circumstances, it was not possible to confirm that the Authority got value for Kshs.183,945,000 incurred under training and development during the year.

2. Lack of an Updated Fixed Asset Register

Management did not maintain an Updated fixed asset register as at 30 June, 2022, as required by Section 143(1) of the Public Finance Management Act (National Government) which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession.

In the circumstances, Authority's assets may not be fully accounted for and maybe at risk of loss.

3. Unsupported Reversals in the Ledgers

A review of the ledgers provided shows that a total of 1,147 transactions reversals were effected during the period under review. However, there were no documentation provided showing approval of the reversals.

In the circumstances, the entity is exposed to unauthorized transactions which could affect the accuracy of the financial statements.

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

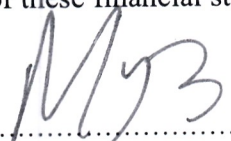
Nairobi

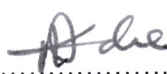
18 May, 2023

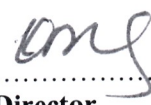
**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2022**

		2021-2022	2020-2021
		Jun-22	Jun-21
	Note	Shs'000	Shs'000
REVENUE			
Revenue from Non Exchange Transactions			
Road Maintenance Levy Fund	6	27,725,667	22,115,430
Government Grants	7	17,799,054	-
Development partners' Grants	8	520,945	141,671
Total Revenue from Non Exchange Transactions		<u>46,045,666</u>	<u>22,257,101</u>
Revenue from Exchange Transactions			
Finance Income	9	1,225,481	1,214,778
Other income	10	51,311	1,719
Rental Revenue	11	1,075	1,221
Total Revenue from Exchange Transactions		<u>1,277,866</u>	<u>1,217,717</u>
Total Revenue		<u><u>47,323,532</u></u>	<u><u>23,474,818</u></u>
EXPENDITURE			
Road Works costs	12	40,197,725	31,702,846
Directors' Costs	13	32,085	13,394
Employment Costs	14	2,821,451	2,586,488
Repairs and maintenance	15	169,130	103,851
Other Operating Costs	16	1,174,613	477,684
Depreciation and amortization expense	17	120,152	115,202
Total Expenditure		<u><u>44,515,156</u></u>	<u><u>34,999,465</u></u>
Operating Surplus /deficit for the year		<u><u>2,808,376</u></u>	<u><u>(11,524,646)</u></u>

The significant accounting policies on pages and the notes on pages 38 to 73 form an integral part of these financial statements.


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Director Corporate Services
CPA Dan Manyasi
ICPAK M. No:6407
Date: 27/09/2022

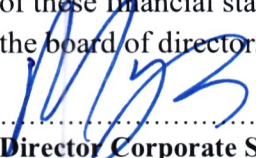

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Director General
Eng. Philemon Kandie MBS
Date: 27/09/2022


.....
Director
Date: 27/09/2022


STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		2021-2022	2020-2021
	Note	Jun-22 Shs'000	Jun-21 Shs'000
ASSETS			
Current Assets			
Cash and cash equivalents	18	44,527,506	44,449,465
Receivables from exchange transactions	19	19,921,388	15,271,625
Receivables from non exchange transactions	19	1,665,795	4,145,460
Inventories	20	6,644	3,527
		66,121,333	63,870,078
Non-Current Assets			
Property Plant and Equipment	21	293,635	356,553
Road Infrastructure Assets	22	124,175,119	118,640,409
Capital Work In Progress	23	179,892,966	155,181,085
		304,361,721	274,178,047
Total Assests		370,483,054	338,048,125
LIABILITIES			
Current liabilities			
Payables from exchange transactions	24	40,922,940	29,636,936
Payables from Non-Exchange transactions	24	-	-
Employee benefit obligation	25	138,197	223,285
		41,061,138	29,860,221
Non Current Liabilities			
Payables from exchange transactions	24	7,985,152	8,724,522
		7,985,152	8,724,522
Total Liabilities		49,046,290	38,584,743
Net Assets		321,436,765	299,463,382
REPRESENTED BY:			
GOK Development Fund	SCNA	327,225,066	308,064,979
Revalutaion Reserve	SCNA	-	-
Staff Mortgage Fund	SCNA	541,941	537,022
Accumulated(Deficit)/ Surplus	SCNA	(6,330,242)	(9,138,618)
Total Net Assets and Liabilities		321,436,765	299,463,382

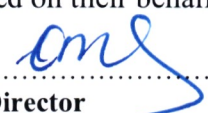
The significant accounting policies on pages and the notes on pages 38 to 73 form an integral part of these financial statements. The financial statements on pages 1 to 73 were approved for issue by the board of directors on _____ and were signed on their behalf by:



Director Corporate Services
 CPA Dan Manyasi
 ICPAK M. No:6407
 Date: 27/09/2022



Director General
 Eng. Philemon Kandie MBS
 Date: 27/09/2022



Director
 Date: 27/09/2022

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended 30 June 2022

Note	Accumulated Surplus	GOK Development Fund	Staff Mortgage Fund	Revaluation Reserve	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1st July 2020	2,386,028	267,192,865	381,452	-	269,960,345
Funds received during the year	-	40,872,115	155,570	-	41,027,685
Surplus for the Period	(11,524,646)	-	-	-	(11,524,646)
At 30th June 2021	(9,138,618)	308,064,979	537,022	-	299,463,383
At 1st July 2021	(9,138,618)	308,064,979	537,022	-	299,463,383
Funds received during the year	-	19,160,087	4,919	-	19,165,006
Surplus for the Period	2,808,376	-	-	-	2,808,376
At 30th June 2022	(6,330,242)	327,225,067	541,941	-	321,436,765

The significant accounting policies on pages and the notes on pages 38 to 73 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021-2022 Jun-22 Shs'000	2020-2021 Jun-21 Shs'000
Cash flows from operating activities			
Surplus for the year		2,808,376	(11,524,646)
<i>Adjustments for:</i>			
<i>Prior Year adjustment</i>			
Depreciation of property, plant and equipment/Revaluation	21	120,152	115,202
Interest Income		(1,225,481)	(1,214,778)
Changes in operating assets and liabilities			
Receivables from exchange transactions		(4,649,763)	843,631
Receivables from non exchange transactions		2,479,665	(740,840)
Inventories		(3,116)	1,614
Payables from Non-exchange transactions		-	-
Payables from exchange transactions		10,546,635	9,667,749
Employee benefit obligation		(85,088)	60,414
<i>Net cash from operating activities</i>		<u>9,991,381</u>	<u>(2,791,654)</u>
Cash flows from investing activities			
Interest Income		1,225,481	1,214,778
Purchases of Property Plant and equipment	21	(57,235)	(113,857)
Addition in Road infrastructure assets	23	(30,246,592)	(36,803,913)
<i>Net cash used in investing activities</i>		<u>(29,078,346)</u>	<u>(35,702,992)</u>
Cash flows from Financing activities			
Capital Grant received		19,160,087	40,872,115
Mortgage Fund		4,919	155,570
<i>Net cash used from investing activities</i>		<u>19,165,006</u>	<u>41,027,685</u>
Net increase in cash and cash equivalents		78,041	2,533,038
Cash and cash equivalents at start of year		<u>44,449,465</u>	<u>41,916,427</u>
Cash and cash equivalents at end of Period	18	<u>44,527,506</u>	<u>44,449,465</u>

The significant accounting policies on pages and the notes on pages 38 to 73 form an integral part of these financial statements.


.....
Director Corporate Services

CPA Dan Manyasi

ICPAK M. No:6407

Date: 27/09/2022


.....
Director General

Eng. Philemon Kandie MBS

Date: 27/09/2022


.....
Director

Date: 27/09/2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

	Note	Original Budget 2021-2022		Adjustments		Final Budget 2021-2022		Actual on comparison Basis		Performance Difference	
		Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	2021-2022	Shs '000	2021-2022	Shs '000
Revenue											
Road Maintenance Levy Fund	6	21,390,870	6,350,000	27,740,870		27,725,667	15,204				
Government Grants	7	39,170,752	-	39,170,752		36,959,142	2,211,610				
Development partners' Grants	8	1,842,200	-	1,842,200		520,945	1,321,255				
Finance Income	9	822,330	-	822,330		1,225,481	(403,151)				
Other income	10	10,000	-	10,000		51,311	(41,311)				
Rental Revenue	11	2,200	-	2,200		1,075	1,125				
Total Revenue		63,238,352	6,350,000	69,588,352		66,483,620	3,104,733				
EXPENDITURE											
Road Works Costs-Maintenance	12	17,450,154	22,602,093	40,052,247		40,197,725	(145,478)				
Directors' Costs	13	29,955	11,008	40,963		32,085	8,877				
Employment Costs	14	2,814,624	(11,008)	2,803,616		2,821,451	(17,835)				
Repairs and maintenance	15	69,800	98,834	168,634		169,130	(496)				
Other Operating Costs	16	1,405,367		1,405,367		1,174,613	230,754				
Depreciation and amortization expense	17	55,500	65,111	120,611		120,152	459				
Exchequer Fund		22,252,865	(5,000,000)	17,252,865		-	-				
Transfer to GOK Fund		19,160,087		19,160,087		19,160,087	-				
Total Expenditure		44,078,265	17,766,038	81,004,390		63,675,244	76,282				
Operating Surplus for the year		19,160,087	(11,416,038)	(11,416,038)		2,808,376	3,028,451				

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
DISCUSSION**

1. RMLF Revenue
 - Revenue increase due to release of emergency funding
2. Governments Grants Shortfall-
 - This is due to delayed Exchequer of Release of Counter part and regular Funding by National Treasury.
3. Finance Income
 - Targets achieved due to prudent Cash Management
4. Other Income
 - This is a significant increase due to Recall of Performance Guarantee.
5. Expenditure
 - Road works Maintenance-Utilization of Prior year balances by regional offices

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kenya Rural Roads Authority (KeRRA) is a State Corporation established under the Kenya Roads Act 2007. The Authority is headed by a Board of Directors led by a chairman with the Director General being the Chief Executive of the Authority.

The Kenya Roads Act 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. However, the Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). In line with this provision, the road network in Kenya was reclassified vide Kenya Gazette Notice of 22nd January 2016 by the State Department of Infrastructure. National trunk roads in Class C totaling 19,504 Km were vested to the Authority by the Cabinet Secretary. A further reclassification by the Cabinet Secretary on 8th May 2020 revised the KeRRA network to 18,662 Km of national trunk road network in Class C.

2. Statement of compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Kenya Rural Roads Authority accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya Rural Roads Authority .

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standards Board (IPSASB), the Public Financial Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Act 2007.

3. Adoption of new and revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021: Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <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 hedging arrangements in scope of the guidance. The model

Standard	Effective date and impact:
	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 2023</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> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted</p>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, unless otherwise stated. The Financial Statements are presented in Kenya Shillings which is the functional and reporting currency of the Authority and all values are rounded to the nearest thousand (Ksh 000).

(b) Presentation of Financial Statements

The financial statements comprise of statement of financial performance, statement of financial position, statement of changes in net assets/reserves, the statement of cash flows and statement of comparison of budget and actual amount and the notes to the financial statements.

The Authority classifies its expenditure by the nature of expense methodology.

The disclosure on risks are presented in the financial risk management objectives and policies contained in note 5.

(c) Budget Information

The original budget for FY 2021-2022 was approved by the National Assembly in June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

(d) Taxation

The Authority is an appointed tax agent for Kenya Revenue Authority with the mandate to withhold tax and remit to Kenya Revenue Authority. The withheld taxes are recognized as current liabilities until paid to the relevant Authority.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(e) Translation of foreign currencies

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.

(f) Revenue recognition

Revenue comprises the fair value of consideration received or receivable in the ordinary course of business. In accordance with the Kenya Roads Act 2007, revenue comprises all proceeds from the Kenya Roads Board Fund, Grants, Loans and donations from Central Government and Development partners, and such moneys, sums or assets that may accrue to the Authority. The revenue is for specified purposes including maintenance, rehabilitation and development of the rural road network in Kenya.

The Authority recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Authority.

i) Road Maintenance Levy Fund

Receipts from the Road Maintenance Levy Fund comprise of 32% of collections from the Road Maintenance Levy Fund administered by the Kenya Roads Board in accordance with the Kenya Roads Board act 1999.

Proceeds from the Road Maintenance Levy Fund are generally recognized in the Statement of Financial Performance on accrual basis.

ii) Agricultural Cess

The Agricultural Cess comprises of 80% of all monies collected as Cess in respect of tea and coffee as per Agricultural Act. The fund is administered by Kenya Roads Board. Proceeds from agricultural Cess are recognized in the Statement of Financial Performance on accrual basis.

iii) Transfers from Government and other entities

The Kenya Roads Act 2007 provides the Authority may receive all monies from any other source provided for or donated or lent to the Authority. Such monies are recognized as they accrue in the period in which the transfer becomes binding at fair value, in the 'Statement of Financial Performance', unless the collectability is in doubt. The fair values can be determined by reference to the market rate.

Where a transfer is subject to conditions that if unfulfilled require a return of the transferred resources they are recognized as a liability until the condition is fulfilled.

iv) Interest Income

Interest income and expense, including interest income from non-derivative financial assets are recognized at fair value through the Statement of Financial Performance using the

effective interest method. Interest income is accrued on a time basis and is calculated on call and fixed deposits held with approved banking institutions.

v) Rental Income

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

vi) Other income

Other income arising from sale of tenders and fees levied by the Authority is accounted for on receipt

(g) Financial Instruments

(i) Financial assets

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

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money or services directly to a debtor with no intention of trading the receivable. Receivables mainly arise from non-exchange transactions which accrue in the ordinary course of business and there is no intention of trading the receivable.

Receivables are recognized initially at the fair value. They are subsequently measured at amortized costs using the effective interest method less provision for impairment.

A provision for impairment of receivables is made when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

The carrying value less discounts and any impairment provision of impairment is assumed to approximate their fair values. For financial instruments such as short term receivables, no disclosure of fair value is required when the carrying amount is a reasonable approximation of fair value.

The Authority is allocated funds by the Government and Kenya Roads Board in accordance with the approved budget and allocation criteria set out in the Kenya Roads Board Act, 1999. The amounts allocated are referred to as 'disbursements' and are released to the Authority based on the disbursement schedule. Any amounts not released at any time are recognized as receivables.

Receivables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets.

(ii) Financial Liabilities

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.

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables also include payments in respect social benefits where formal agreements for specific amounts exist.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The historical cost carrying amount of payables subject to the normal credit terms usually approximates fair value. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

(h) 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 the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period end, taking into account the risks and uncertainties surrounding the obligation.

Contingent Liabilities

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

Contingent assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

(i) Operating leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made/received under operating leases are charged/credited to the statement of financial performance on a straight

line basis over the lease period. Prepaid operating lease rentals are recognized as assets and are subsequently amortized over the lease period.

(j) Provision for liabilities and charges

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(k) Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of financial performance in the year in which they are 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 using the straight line method to write down the cost of each asset to its residual value over its estimated useful life, and 360 day calendar year adopted, using the following annual rates:

	Rate - %
Buildings	2.5%
Computers	33.3%
Furniture and Fittings & Fixtures	12.5%
Technical Equipment/Machinery	12.5%
Motor Vehicles	25.0%
Road Infrastructure Assets	-

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

(l) Specialised Public Service Assets-Infrastructure Assets

International Valuation Standards Committee defines specialized public asset as an asset, owned and/or controlled by a governmental or quasi-governmental entity, for the provision of some public service or good.

The authority deals in construction of roads infrastructure which falls in this category and constitutes part of property, plant and equipment within the meaning of IPSASs.

Like other assets, all specialized public service assets provide either service potential or future economic benefit. Service potential is a measure of the capacity of an asset to provide services or benefits to those that use that asset. Future economic benefit is a measure of the capacity of an asset to provide monetary benefits to those that hold or own that asset.

(m) Construction contracts

A construction contract is defined as a contract specifically negotiated for the construction of an asset. Contract costs are recognized as assets in the period in which they are incurred.

Where the outcome of a construction contract can be estimated reliably, costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its payment is considered probable.

The Authority uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Progress billings not yet paid to the contractors and retention are included within 'Payables' in the statement of financial position.

Costs incurred on maintenance contracts are charged in the statement of financial performance in the period in which they are incurred.

(n) Impairment of Non-Financial Assets

At each reporting period end, based on internal and external sources, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset.

Impairment losses are recognized as an expense in the Statement of Financial Performance whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of impairment loss is limited to the assets carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is credited to the Statement of Financial Performance in the year reversals are recognized.

(o) 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, based on purchase cost using the weighted average cost method.

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

(p) Cash and Cash Equivalents

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

(q) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements.

The net assets are made of up of designated funds and accumulated reserve which are explained as follows:

(i) Staff Mortgage Fund

The Authority established independently managed staff Mortgage Scheme Funds for members of staff. The scheme is based on a minimum cash balance at the Kenya Commercial Bank account commensurate with the mortgage amount. This cash balance, built up for the scheme as a revolving fund.

(ii) Capital Fund

The Authority proposes to establish a Capital Fund in for the purpose of purchase of office property plant and equipment.

(iii) Accumulated surpluses/Deficit

Accumulated surpluses/ (deficit) represent excess operating revenue over expenditure which has accumulated over the years. These funds are available for utilization in the Authority's operations in the subsequent years.

(iv) Development Fund

Development fund represents the Authority's investment in infrastructure assets as funded by the exchequer development vote.

(r) 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.

(s) Employee Benefits

The Authority provides retirement benefits for its eligible employees. The Authority operates defined contributions provident fund administered by an independent administration company and trustees and which is funded by both the employee and employer.

The Authority and its employees also contribute to the statutory pension scheme, The National Social Security Funds (NSSF). Contributions are determined by the local statute. The Authority also sets aside on monthly basis the gratuity for its employees who are on contract basis.

The contributions to fund obligations for the payment of retirement benefits are charged to the statement of financial performance in the year in which they become payable.

The total expense recognized in the income statement of Shs Million (2021-2022: Shs 138.2 Million) represents contributions payable to the plan by the Authority at rates specified in the rules of the plan. The expense has been included within the staff pension costs under staff costs.

(t) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation of the Financial Statements as required by International Public Sector Accounting Standards and any amendment whenever necessary in the current year

(u) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In the process of applying the Authority's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' knowledge of current events and actions, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical Judgments in Applying the Authority's Accounting Policies

In the process of applying the Authority's accounting policies, judgments have been made in determining:

- Whether the assets are impaired;
- The classification of financial assets;
- The going concern.

(b) Critical Accounting Estimates and Assumptions

The key areas of judgments and sources of uncertainty in estimation are as set out below:

(i) Contingent Liabilities

As disclosed in these financial statements, the Authority is exposed to various contingent liabilities in the normal course of business. The directors evaluate the status of these exposures on a regular basis to assess the probability of the Authority incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

(ii) Provision for Doubtful Debts

The Authority reviews its receivables to assess the likelihood of impairment. Provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due. Where necessary, an estimation of the amounts irrecoverable is made in that year. Provision for impairment shall be recognized upon approval by the Board of Directors.

(iii) Other Provisions

Other provisions are recognized when the Authority has legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be

required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(iv) Impairment Losses

At each reporting period end, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset. Any impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognized as income immediately.

	2021-2022 Shs'000	2020-2021 Shs'000
6. Road Maintenance Levy		
10% Constituency Links Roads	3,329,411	3,028,979
10% Special allocation	13,534,796	8,360,833
22% Constituency Roads Fund	7,350,743	6,574,981
RMLF Operations	3,510,716	4,150,637
Total Road Maintenance Levy	<u>27,725,667</u>	<u>22,115,430</u>
7. Other Government Grants		
Development Projects	19,160,087	40,872,115
Spot Improvement Projects(Public Participation)	17,799,054	-
Administrative funds	-	-
Total Government Grants	<u>36,959,142</u>	<u>40,872,115</u>
Deferred Income	-	-
Transfer to Development Fund	(19,160,087)	(40,872,115)
	<u>17,799,054</u>	<u>-</u>
8. Development Partners Grants		
European Union	44,795	61,131
L'Agence Française de Développement(AFD)	-	-
German Development Bank(KFW)	-	-
AFD-Interest	-	195
BADEA	476,150	80,345
Total Development Partners'Grants	<u>520,945</u>	<u>141,671</u>
9. Finance Income		
Interest from fixed deposits	1,225,481	1,214,778
Total Finance income	<u>1,225,481</u>	<u>1,214,778</u>
10. Other Income		
Receipts from sale of tenders	545	93
Disposal of Assets	571	-
Recall of Performance Guarantees	48,226	-
Other Levies	1,969	1,290
Total other income	<u>51,311</u>	<u>1,383</u>
11. Rental Revenue		
Receipts from operating lease rental	1,075	1,221
Total Rental revenue	<u>1,075</u>	<u>1,221</u>

Rental income is rent income received from various Regional Office camps. The properties were inherited from our Parent Ministry.

	2021-2022 Shs'000	2020-2021 Shs'000
12. Road Works Expenditure		
RMLF 10%-Critical Link Roads	3,994,932	3,931,129
RMLF 22%-Constituency Roads Fund	7,950,824	7,050,037
RMLF 10%-Special Allocation	9,232,669	8,117,540
Donor Funded Projects	870,813	1,251,936
Refund Donor EU/KFW	-	70,138
GoK Spot Improvement Funds	18,072,580	10,975,120
Coffee Cess	-	67
Equilisation Fund	75,907	306,879
Total Road Works Expenses	<u>40,197,725</u>	<u>31,702,846</u>
13. Directors' Costs		
Emoluments	<u>11,008</u>	<u>1,975</u>
	<u>11,008</u>	<u>1,975</u>
b.Non Executive Directors		
Emoluments	6,184	6,540
Training and field activities	14,894	4,879
	<u>21,078</u>	<u>11,419</u>
Total Directors Costs	<u>32,085</u>	<u>13,394</u>
14. Employment Costs		
Salaries and Wages	1,881,261	1,870,936
Pension and Gratuity costs	218,502	249,455
Medical and Insurance	77,840	98,152
Training and Development	183,945	113,916
Travelling and accomodation	428,905	231,990
Other Staff welfare costs	30,999	22,040
Total employment Costs	<u>2,821,451</u>	<u>2,586,488</u>
15. Repairs and maintenance		
Office building	20,112	13,609
Furniture and equipment	99,249	47,645
Motor vehicles	49,769	42,598
Total Repairs and Maintenance	<u>169,130</u>	<u>103,851</u>

	2021-2022	2020-2021
	Shs'000	Shs'000
16. Other Operating Expenses		
Public relations and Corporate affairs	20,460	14,354
Audit Fees	3,000	-
Advertisement and publicity	10,690	13,375
Rent and Rates	16,817	18,063
Electricity and Water	10,825	9,521
Cleaning and sanitation	12,891	16,667
Fuel and other vehicle running expenses	173,468	67,322
Security	111,091	53,838
Consultancies	10,408	12,198
Legal Fees	4,755	3,915
Printing and Stationery	41,091	39,425
CRC and tender evaluation Expenses	216,437	99,356
Telephone, Internet and Postage	30,573	30,807
Bank Charges	15,304	10,809
Office expenses	19,616	12,144
Corporation Taxes	413,801	-
Performance Contracting	63,386	75,890
Total Other Operating expenses	<u>1,174,613</u>	<u>477,684</u>

Taxes-The authority paid Corporation Tax on prior year Interest income .

17. Depreciation and Amortization

Property Plant and equipment	120,152	115,202
Total Depreciation Expense	<u>120,152</u>	<u>115,202</u>

18. Cash and cash equivalents

Cash in hand and Bank	23,542,103	23,583,789
Staff mortgage Fund	1,119	1,272
Fixed term deposits	20,984,284	20,864,404
Total Cash and Cash equivalents	<u>44,527,506</u>	<u>44,449,465</u>

The cash and bank balances as the funds are held with sound financial institutions approved by Central Bank of Kenya as follows:

	2021-2022 Shs'000	2020-2021 Shs'000
KCB Bank Kenya limited	44,162,536	43,826,196
Equity Bank Kenya Limited	125,044	145,135
Cooperative Bank Kenya Limited	56,024	315,583
NCBA Bank Kenya Limited	183,805	162,422
Cash in Hand	97	129
Total cash in hand and bank	<u>44,527,506</u>	<u>44,449,465</u>

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months

19. Receivables

a) Receivables from Exchange transactions

Contractors advances	19,921,388	15,271,625
Total Receivables from Exchange transactions	<u>19,921,388</u>	<u>15,271,625</u>

b) Receivables from Non Exchange transactions

Advances to Staff	43,271	42,973
Deposits and Prepayments	64,223	71,098
Other Receivables(Accrued Income)	1,558,302	4,031,390
Total Receivables from Non Exchange transactions	<u>1,665,795</u>	<u>4,145,460</u>
Total receivables	<u>21,587,183</u>	<u>19,417,086</u>

Receivables constitute short term liquid assets which are recoverable within one year. Grants receivable represent development grants due from the National Government. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any collateral as security. The aged analysis of receivables is as follows:

	2021-2022 Shs'000	2020-2021 Shs'000
Consumable stores	6,644	3,527
Total Inventories	<u>6,644</u>	<u>3,527</u>

21. Property Plant and equipment

Period ended	30th June 2022	Building	Furniture and Fittings	Motor Vehicles	Office Equipment	Computers and Software	Plant and Machinery	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost								
At 1st July 2021	108,353	189,438	674,322	53,767	311,337	56,503	1,393,719	
Additions	11,579	6,876	-	4,504	34,276	-	57,235	
At 30th September 2021	<u>119,932</u>	<u>196,314</u>	<u>674,322</u>	<u>58,271</u>	<u>345,612</u>	<u>56,503</u>	<u>1,450,955</u>	
Depreciation								
At 1st July 2021	23,531	141,390	536,753	33,590	248,666	53,236	1,037,167	
Charge for the year	2,679	9,274	63,140	4,314	40,290	456	120,152	
At 31st March 2022	<u>26,210</u>	<u>150,664</u>	<u>599,894</u>	<u>37,904</u>	<u>288,956</u>	<u>53,693</u>	<u>1,157,319</u>	
Net Book Value								
At 30th June 2022	<u>93,722</u>	<u>45,651</u>	<u>74,428</u>	<u>20,367</u>	<u>56,656</u>	<u>2,811</u>	<u>293,635</u>	

Period ended 30th June 2021	Building	Furniture and Fittings	Motor Vehicles	Office Equipment	Computers and Software	Plant and Machinery	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost							
At 1st July 2020	108,353	180,572	621,213	42,591	274,281	52,853	1,279,863
Additions	-	8,866	53,109	11,175	37,056	3,650	113,857
At 30th June 2021	<u>108,353</u>	<u>189,438</u>	<u>674,322</u>	<u>53,767</u>	<u>311,337</u>	<u>56,503</u>	<u>1,393,719</u>
Depreciation							
At 1st July 2020	19,288	132,023	492,994	30,980	193,827	52,853	921,965
Charge for the year	4,243	9,367	43,759	2,610	54,839	383	115,202
At 30th June 2021	<u>23,531</u>	<u>141,390</u>	<u>536,753</u>	<u>33,590</u>	<u>248,666</u>	<u>53,236</u>	<u>1,037,167</u>
Net Book Value							
At 30th June 2021	<u>84,822</u>	<u>48,048</u>	<u>137,568</u>	<u>20,177</u>	<u>62,670</u>	<u>3,267</u>	<u>356,552</u>

The gross carrying amount of fully depreciated property, plant and equipment amounted to Kshs 791,379,636

	2021-2022 Shs'000	2020-2021 Shs'000
22. Road Infrastructure Assets		
At 1st July	118,640,409	79,440,931
Transfer from work in progress	<u>5,534,710.4</u>	<u>39,199,477</u>
	<u>124,175,119</u>	<u>118,640,409</u>
23. Capital Work In Progress		
At 1st July	155,181,085	157,576,650
Additions	30,246,592	36,803,913
Transfer to Road Infrastructure Asset	<u>(5,534,710)</u>	<u>(39,199,477)</u>
	<u>179,892,966</u>	<u>155,181,085</u>
<p>Road Maintenance Levy Fund(RMLF) Contribution towards Work-In-Progress for Financial year was ksh 2,116,573.974.63 being its contribution towards co-financing of infrastructure projects.</p>		
24. Payables		
Due to Contractors	38,629,061	28,174,015
Other Trade payables(General Suppliers)	2,047,725	1,109,119
Staff Creditors	347	(2,384)
Other Payables(Accruals & provisions)	245,807	356,186
Total current	<u>40,922,940</u>	<u>29,636,936</u>
Non Current:		
Contract Retention	<u>7,985,152</u>	<u>8,724,522</u>
Total Non Current	<u>7,985,152</u>	<u>8,724,522</u>
	<u>48,908,092</u>	<u>38,361,458</u>

Current trade and other payables are expected to be settled in Authority's normal operating cycle and within twelve months after the reporting period and are not attached to an unconditional right to defer payment of the liability.

25. Employee Benefit obligations

	Gratuity Ksh'000	Pension costs Ksh'000	Total Ksh'000
As at 1st July 2021	103,565	76,233	179,799
Additional Provisions	- 34,458	- 7,143.44	(41,601)
Provision utilised	-	-	-
As at 30th June 2022	<u>69,108</u>	<u>69,090</u>	<u>138,197</u>

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Authority has an integrated risk management framework/ strategy. The Authority's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

The Authority recognizes the critical role the risk management will continue to play in its endeavor to carry out its business in a dynamic environment. The Board is committed to ensure that corporate governance and risk management are deeply entrenched in the Authority's strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

The Authority core business involves major engagements with financial transactions and processes which pose certain risks. Three types of risks are reported as part of the risk profile namely operational, strategic and business continuity risks.

(i) Operational risks are events, hazards, variances or opportunities which could influence the achievement of the Board's compliance and operational objectives.

(ii) Strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.

(iii) Business continuity risks are those events, hazards, variances and opportunities which could influence the continuity of the entity.

The Members of the Board have the overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority has delegated its risk management to the Audit and Risk Committee. One of the responsibilities of this committee is to review risk management strategies to ensure that an effective efficient and transparent system of risk management is maintained for sustainable management of the Authority.

The Authority's exposure to risks, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated. The Authority aims therefore to achieve an appropriate balance between the risk and return and minimize potential adverse effects on its financial performance.

The financial management objectives and policies are as outlined below:

a) Liquidity Risk

Liquidity risk is the risk that the Authority will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued, etc. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The Authority's has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The Authority's liquidity and funding management process includes:

- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding, maintaining balance sheet liquidity ratios,
 - Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,
- The Authority has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities.

The primary sources of revenue for the Authority are receipts from the Kenya Roads Board, mainly receipts from Road Maintenance Levy Fund, and Grants from the central Government and Development Partners.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities

Period Ended 30th June 2022

	Fully Performing	Past Due Date but not Impaired	Past Due Date and impaired	Total
Advances to Staff	43,271			43,271
Contractors advances	19,921,388			19,921,388
Deposits and Prepayments	64,223			64,223
Other Receivables	1,558,302			1,558,302
Cash at Bank	44,527,506			44,527,506
	66,114,690	-	-	66,114,690

Year Ended 30th June 2021

	Fully Performing	Past Due Date but not Impaired	Past Due Date and impaired	Total
Advances to Staff	45,562			45,562
Contractors advances	14,566,629			14,566,629
Deposits and Prepayments	71,098			71,098
Other Receivables	4,081,390			4,081,390
Cash at Bank	45,715,899			45,715,899
	64,480,577	-	-	64,480,577

b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The Authority is exposed to the following market risks:

(i) Currency Risk

The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.

(ii) Price Risk

Kenya Roads Board collects Kshs. 18 per litre of diesel and petrol imported into the country, 32% of which is disbursed to the Authority. The Authority is exposed to the extent that the levy on

diesel and petrol is reduced or eliminated due to changes in the international fuel prices, inflation or other macro indicators.

The Road Maintenance Levy Fund is backed up by an Act of Parliament and changes thereof require approval by Parliament.

(iii) Interest Rate Risk

The Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Authority does not have any borrowings.

c) Credit Risk

The maximum exposure of the Authority to credit risk as at the balance sheet date is as follows:

Period Ended 30th June 2022

	Less Than 1Month	Between 1-3 Months	Between 3-12 Months	Over One Year
Due to contractors			38,629,061	
Other Trade Payables	-	2,047,725	-	-
Staff Creditors	-	347	-	-
Contract Retention	-	-	-	7,985,152
Deferred Income	-	-	-	-
Other Payables	-	245,807	-	-
	-	2,293,879.25	38,629,061	7,985,152

Period Ended 30th June 2022

	Less Than 1Month	Between 1-3 Months	Between 3-12 Months	Over One Year
Due to contractors			28,650,977	
Other Trade Payables	-	1,226,849.73	-	-
Staff Creditors	-	367.93	-	-
Contract Retention	-	-	-	8,849,981.19
Deferred Income	-	-	-	-
Other Payables	-	408,800.67	-	-
	-	1,636,018.33	28,650,977	8,849,981.19

d) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

The Authority seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- (i) Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- (ii) Requirements for the reconciliation and monitoring of financial transactions;
- (iii) Compliance with regulatory and legal requirements;
- (iv) Documentation of controls and procedures;
- (v) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- (vi) Requirement for the reporting of operational losses and proposed remedial action;
- (vii) Training and professional development;
- (viii) Ethical and business standards; and
- (ix) Risk mitigation, including insurance where it is effective.

Operational risks are managed by the Internal Audit function established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing and mitigating risks in all facets of the business.

e) Compliance and Regulatory Risk

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The Authority has complied with all externally imposed requirements throughout the year.

f) Legal Risk

Legal risks is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the authority, failure to protect the title to and inability to control the rights to assets of the Authority (including intellectual property right), changes in law, or jurisdictional risk.

The Authority manages legal risk through the legal function, legal risk policies and procedures and the effective use of internal controls and external lawyers.

27. Related Parties Balances and Transactions

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Director General and senior managers.

(a) Related party transactions

The following transactions were carried out with related parties during the year.

	2021-2022	2020-2021
	Shs'000	Shs'000

(b) Outstanding balances arising from non-exchange transactions

The following were outstanding balances with related parties as at 30th June 2022

Receivable from related parties	-	-
Payable to related parties	69,090	69,090
Receivables from related parties can be analysed as follows:		
The Government of Kenya	-	-
Kenya Roads Board	-	-
Key management personnel	-	-
	-	-
Payables to related parties can be analysed as follows:		
Key management personnel	69,090	69,090

28. Contingent Assets and liabilities

i) Contingent Liabilities

Due to the uncertainty of the outcome of our Legal cases, it is not practically possible to estimate the resulting liabilities and the effect they are likely to have on the results of the Authority's operations, financial position or liquidity. Therefore no provision has been made in the financial statements.

Kenya Revenue Authority is demanding over ksh 187.33 million penalties and interest on Corporation Tax. Management is pursuing the issue through the Parent Ministry and The National Treasury.

	2021-2022	2020-2021
	Shs'000	Shs'000
ii) Contingent assets		
Advance Guarantees	20,384,746	19,893,449
Performance Guarantee	23,308,035	13,564,591
	<u>43,692,782</u>	<u>33,458,039</u>
29. Capital Commitments		
Authorised and contracted for	<u>-</u>	<u>-</u>

Non-cancellable operating lease rentals are payable as follows:

	2021-2022	2020-2021
	Jun-22	Jun-21
	Shs'000	Shs'000
Operating lease rentals		
Non-cancellable operating lease rentals are payable as follows		
Within one year	-	-
Later than one year but within five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The Authority has leased office premises under an operating lease. The lease typically runs for 5 years with an option for renewal. Lease payments are increased accordingly to reflect market rentals. The Authority does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognized in the Statement of Financial Performance.

30. Reconciliation of surplus as per Budget statement and statement of financial performance

	2021-2022
	Jun-22
	Shs'000
Surplus as per statement of Budget and Actual amounts	2,808,376
Add: Transfer of Roadwork Costs to Infrastrac	-
Less: Transfer to Development Fund	-
Add: Transfer from Deferred Income	-
	<hr/>
Surplus(Deficit) as per Statement of financial performam	<u>2,808,376</u>

31. Fair value

The directors consider that there is no material difference between the fair value and carrying value of the Authority's financial assets and liabilities, where fair value details have not been presented.

32. Events after the reporting period

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

33. Ultimate and holding entity

The Authority is a State Corporation under the Ministry of Transport, Infrastructure, Housing and Urban Development, State Department of Infrastructure. Its ultimate parent is the Government of Kenya.

34. Currency

The financial statements are presented in Kenya Shillings (Kshs.'000).

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS

The following is the summary of issues that resulted in a qualified opinion of the external auditor on the financial statements for the year 2020/21, 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.

Ref.	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
1	Nugatory Expenditure Authority had incurred a total of ksh 202,088,241 to pay interest on delayed payment and a further amount of ksh 4,253,404.04 2016/17 . Total Nugatory Expenditure of ksh 206,341,645.04	This was occasioned by delayed exchequer releases	Director General	Not Resolved	Insufficient Budgetary Allocations
2	Rehabilitation and Repair of Kasoiyo-Saos-Society (D350) Road The Project was awarded to Bridgestone Construction Company Ltd at contract sum of ksh 818,445,018 and commenced on 10 th October 2012 with expected completion as 10 th February 2016 revised to April 2016 2.1 Assignment of works Project File revealed assignment of works valued at ksh 504,824,286 to Guangxi Hydroelectric Construction Bureau on the 28 th January 2015. 2.2 Delayed implementation. The latest Progress report for 5 August 2016 showed the overall progress achieved was 99.91 against a lapse time of 130.2% of contract period Although contractor requested for substantial completion inspection on the 13 th September 2017. This had not been undertaken at the time of the Audit	In order to ensure timely delivery of the project to the users, management made a decision to assign the works to another contractor after the initial contractor experienced challenges.	Director General	Resolved: The project is now completed	
3	Contraction of Muranga-Gitugi(D427) and Njumbi –Mioro (E546) 3.1 Delayed Project Delivery Overall Project progress as at June 2017 was 47.23% against contract lapse period of 196.43% . This indicates the project is far behind schedule which could lead to cost escalation. 3.2 Interest on late payment Certificate No 20 dated 27 th June 2017 Indicated that interest on delayed payments totalling ksh 7,001,678 had been incurred.	Although there have been delays in the project this may not necessarily result to cost escalation since the Variation of prices (VOP) is capped the contractual completion date.	Director General	Resolved: The project is now completed	

4.	<p>Construction of Kaptama-Kapsokwony-Sirisia-Contract No RWC 023 The Project is divided into 4 distinct portions with total length of 67Km 4.1 Delayed Project Delivery The contract Commenced on 22 June 2007 with contract period of 35 Months to end 13 May 2010. Latest progress availed during audit for 31 July 2015 revealed a progress of 94% and there was no evidence of extension of time. During the year management did not avail information of the current status of the project.</p> <p>4.2 Financial Distress b the Contractor. Contractor KSL International was put under receivership as indicated on the Daily Nation Monday 23 February 2015 page 37. Site Office at Kamkuywa was placed under Receiver Manager and site operations halted. The contractor has been unable to settle rent arrears owed to the Authority amounting to ksh 3,028,125. For Mwatunge Camp in Taita Taveta which was in a previous contract.</p> <p>4.3 Request for Mutual Winding Up of the Contract The Receiver Manager vide Letter ref HG/JKM/RBH/JGM/62 dated 9th July 2015 requested for mutual Winding Up. Further, the Attorney General in a letter Ref:AG/ CONF/21/6/12 VOL1(7) dated 1st September 2016 advised the management to terminate the contract forthwith in accordance with clauses 63.1 of the conditions of contract but there was no evidence to show action taken so far at the time of the audit. In the circumstances it is not possible to confirm whether the public obtained value for money for expenditure of ksh 2,622,131,272 already incurred. Matter still unresolved in 2016/17</p>	<p>As stated in the audit findings the physical progress was at 94%.</p> <p>At that particular time interpretation of contract management was that issues of EOT were being recommended by The Engineer and Approved by The Employer only</p> <p>As indicated by the Auditor the contractor is currently under Receivership.</p>	Director General	Resolved	
5.0	<p>Construction to Bitumen Standard of Naromoru-Munyu-Karisheni Road Contract NO RWC 040 The project scope was construction of four roads with total length of 45.9Km and was awarded to M/S Kirinyanga Construction (K) Limited at a contract sum of ksh 2,468,815,445 and commenced on 1st October 2012 with completion date of 30th September 2014.</p> <p>5.1 Assignment The contractor entered into agreement with East Africa Development Engineering Trading Co. Ltd to assigne the latter parts of the works total 39.9Km 5.2 Delayed Project Delivery The combined overall progress as at 30 June 2017 was 73.1% Therefore the project was behind schedule.</p>	<p>Assignment was necessary in order to speed up progress of works</p>	Director General	Resolved: The project is now completed	

6.0	<p>Rehabilitation and Repair of Eldoret –Ziwa-Kachibora-Eldoret – Kabanes Road</p> <p>The project was awarded to M/S Kimilili Hauliers at contract sum of ksh 1,435,212,465 and commenced on 1st September 2011 with expected date of completion as at 1st March 2014 which was revised to 1st March 2016.</p> <p>6.1 Scaling down of works</p> <p>The initial contract was repackaged into three components as follows:</p> <ul style="list-style-type: none"> i) Eldoret-Kabaenes 24KM –Ksh 974,301,651 ii) Kabaenes-Kachibora 31KM-ksh 1,064,762,019,00 iii) Moi’s Bridge Kachibora-20KM ksh 536,046,915.00 <p>1st Section repackaged as addendum No2 which was approved by the CTC on 12th September 2014 and is completed under the current contract. The second section was subjected to open tender and awarded to M/S China International Cooperation on 19th June 2015 at a contract sum of ksh 1,313,914,382. The Third Section is estimated to cost ksh 536,046,915 and will be implemented through an annuity programme.</p> <p>This repackaging of works brings up the contract sum form an original price of ksh 1,435,212,465 to ksh 2,575,110,585.00</p> <p>6.2 Delayed Project Implementation</p> <p>The revised contract period lapsed on 1st march 2016 but the latest progress reported dated 30th June 2017 showed overall progress was at 96% with only 88.2% certified.</p> <p>The project is behind schedule which could lead to cost overruns.</p>	<p>Delay in project implementation was occasioned by the contract repackaging as detailed above.</p>	<p>Director General</p>	<p>Resolved: The project is now completed</p>	
7.0	<p>Contrauction of Kibunja-Molo-Olenguruone Road(D316)</p> <p>The project was awarded to Kimili Hauliers at contract sum of ksh 742,290,293 revised to ksh 844,344,348.00 and commenced on 6th August 2010 with expected date of completion of 6th February 2016</p> <p>7.1 Assignment of Works</p> <p>The contractor sun contracted Riflo Services for Ksh 113,137,730 to speed up the progress of the but the arrangement has not still delivered the project.</p> <p>7.2 Failed Project Delivery/Termination</p> <p>The project was to be completed on the 6th February 2012 but the last progress report from December 2014 indicates only 67.73 physical progress. There is no evidence of action taken by management in line with the terms of the contract.</p>	<p>There may have been a delay in the delivery of the project. However through timely intervention by the management the works are were substantially completed on 13th December, 2018. The road is under defects liability period of 24 months, and it will end on 14th December, 2020.</p>	<p>Director General</p>	<p>Resolved: The project is now completed</p>	

8.0	<p>Construction of Sigalal-Musoli-Sabatia-Butere Roads(D260/E390) The Contract was awarded to M/S Associated on 28th March 2011 at a contract price of ksh 1,809,465,663. Works commenced on 6th June 2011 and was to be completed by 6th June 2013</p> <p>8.1 Assignment of Part of the Works East Africa Development Engineering and Trading Co. Ltd was assigned part of the works. The Assignee was to construct 20Km at a construct sum of ksh 1,113,658,598.00 and the main contractor to handle 14.25 Km.</p> <p>8.2 Advance Payment The main contractor was paid an advance of ksh 180,946,566.00 and out of which 22,808,548. Had been recovered by the time of the audit leaving at outstanding of ksh 158,138,018.69</p> <p>8.3 Delayed project Completion The latest progress report dated 31st July 2017 showed that only 74.3% combined progress had been realized by both the main contractor and the assignee, an indication that the project was behind schedule which could lead to escalation of cost.</p>	The Assignee Contractor has completed the assigned section of 20.0Km and the same has been Taken-Over.	Director General	Resolved: The project is now completed	
9.0	<p>Construction of Sigiri Bridge and Approach Roads on Road R43 –RW C092 The contract was awarded to China Overseas Engineering Group Co. Ltd on the 5th March 2015 at contract sum of Ksh 992,546,146. The project had a contract period 18 months and was expected to be completed by 12th February 2017</p> <p>9.1 Slow Progress The Contract period elapsed on the 12th February 2017 and there was no evidence for approval of extension of time but latest progress dated 31 October 2017 had overall progress of 81.27 % against contract lapse time of 133.33% . The management indicated the contact was substantially complete, no evidence was availed to support this.</p>	Works on the bridge has been successfully completed and opened to traffic. The Employer has recommended Taking –Over of the works	Director General	Resolved: The project is now completed	

APPENDIX II: DEVELOPMENT PARTNERS PROJECTS IMPLEMENTED BY THE AUTHORITY

Project No.	Project Title	Development Partner	Development Partners Commitment	Separate Donor reporting Required	Consolidated in the financial statements
EUROPEAID/134053/IH/WKS/KE	Contracts For The Rural Roads Project In Eastern Region Of Kenya	EU	Euros 14,850,000	Yes	Yes
CREDIT NO. BMZ: 200765123	Improvement Of Rural Roads And Market Infrastructure In Western Kenya	KFW	Euros 9,000,000	Yes	Yes
CREDIT NO. CKE 101201B AND 1046 01J	Central Kenya Rural Roads Improvement And Maintenance Project	AFD	Euros 74,000,000	Yes	Yes
	Upgrading of "Gilgil Machinery" Road Project.	BADEA	USD 11,000,000	Yes	Yes

APPENDIX III: INTER ENTITY TRANSFER

Kenya Rural Roads Authority
Annual Report and Financial Statements
For the year ended 30th June 2022

Particulars		Date Received as per Bank Statement	Balance for Prior Year(2020/2021)	Current Year 2021-2022	Total received during the year 2021/2022	FY to which the amount relates
A. 22% ROAD MAINTENANCE LEVY FUND						
KRB/DG/FIN/3//A/Vol.VI(6)		15-Nov-21		2,441,090,082.00	2,441,090,082.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		14/Dec/21		2,441,090,082.00	2,441,090,082.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(22)		9/Feb/22		2,441,090,082.00	2,441,090,082.00	2021/2022
		10/May/22		2,441,090,082.00	2,441,090,082.00	2021/2022
Total 22% RMLF			-	9,764,360,328.00	9,764,360,328.00	
B. 10% RMLF CRITICAL LINKS						
KRB/DG/FIN/3//A/Vol.VI(6)		15-Nov-21		1,106,627,504.00	1,106,627,504.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(22)		9/Feb/22		1,106,627,504.00	1,106,627,504.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		10/Feb/22		1,106,627,504.00	1,106,627,504.00	2021/2022
		28-Jun-22		310,831,300.00	310,831,300.00	2021/2022
		5-Jul-22		795,796,204.00	795,796,204.00	2021/2022
Total RMLF-10%- Critical Links			-	4,426,510,016.00	4,426,510,016.00	
C. RMLF CS AND OTHER ALLOCATION						
KRB/DG/FIN/3/00/A/Vol.V(65)		8/Sep/21		4,739,138,872.00	4,739,138,872.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		14/Dec/21		262,317,000.00	262,317,000.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(22)		9/Feb/22		4,000,000,000.00	4,000,000,000.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		10/Feb/22		245,000,000.00	245,000,000.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		10/Feb/22		3,782,640,000.00	3,782,640,000.00	2021/2022
		28/May/22		310,831,300.00	310,831,300.00	2021/2022
		7/Jul/22		194,869,100.00	194,869,100.00	2021/2022
Total RMLF-10%- Cabinet Secretary Allocation			-	13,534,796,272.00	13,534,796,272.00	
D.RMLF GOK Projects						
KeRRA /08/Vol.8/(1015)					-	
MOTIHUUD & PW/A/14.21/CVOL.11/(7)					-	
MOTIHUUD & PW/A/14.21/CVOL.13/(47)					-	
Total Overheads Funds						
TOTAL RMLF FUNDS	Cash Request			27,725,666,616.00	27,725,666,616.00	
E. GOK EXCHEQUER FUNDS						
	1	12-Aug-21		1,223,129,934.90	1,223,129,934.90	2021/2022
	2	12-Aug-21		1,545,493,335.50	1,545,493,335.50	2021/2022
	3	12-Aug-21		1,058,382,490.00	1,058,382,490.00	2021/2022
	4	12-Aug-21		133,000,000.00	133,000,000.00	2021/2022
	5	25-Nov-21		2,132,000,000.00	2,132,000,000.00	2021/2022
	6	08-Sep-21		2,430,000,000.00	2,430,000,000.00	2021/2022
	7	08-Sep-21		370,000,000.00	370,000,000.00	2021/2022
	8	08-Sep-21		1,240,000,000.00	1,240,000,000.00	2021/2022
	9	08-Sep-21		4,599,520,000.00	4,599,520,000.00	2021/2022
	10	08-Sep-21		846,501,000.00	846,501,000.00	2021/2022
	12	25-Nov-21		1,314,000,000.00	1,314,000,000.00	2021/2022
	14	1-Mar-22		569,140,518.00	569,140,518.00	2021/2022
	15	1-Mar-22		976,655,270.65	976,655,270.65	2021/2022
	17	1-Mar-22		77,500,000.00	77,500,000.00	2021/2022
	24	1-Mar-22		874,530,000.00	874,530,000.00	2021/2022
	25	1-Mar-22		416,523,281.00	416,523,281.00	2021/2022
	26	1-Mar-22		1,851,350,000.00	1,851,350,000.00	2021/2022
	27	12-Apr-22		1,076,183,251.00	1,076,183,251.00	2021/2022
	28	26-Apr-22		5,945,816,692.90	5,945,816,692.90	2021/2022
	29	10-May-22		721,350,026.00	721,350,026.00	2021/2022
	30	10-May-22		2,153,000,000.00	2,153,000,000.00	2021/2022
	31	10-May-22		160,000,000.00	160,000,000.00	2021/2022
	32	10-May-22		420,000,000.00	420,000,000.00	2021/2022
	33	10-May-22		980,000,000.00	980,000,000.00	2021/2022
	AIENO:BO92847	17-May-22		350,000,000.00	350,000,000.00	2021/2022
	34	5-Jul-22		88,000,000.00	88,000,000.00	2021/2022
	35	6-Jul-22		324,636,358.80	324,636,358.80	2021/2022
	38	6-Jul-22		135,000,000.00	135,000,000.00	2021/2022
	40	11-Jul-22		20,000,000.00	20,000,000.00	2021/2022
LVS And Conventional Annuity Funds				34,031,712,158.75	34,031,712,158.75	
Intex		29-Sep-21		683,952,420.03	683,952,420.03	2021/2022
Intex		29-Sep-21		38,992,817.00	38,992,817.00	2021/2022
Consultant-LEA Associates		29-Sep-21		5,554,196.00	5,554,196.00	2021/2022
Consultant-LEA Associates		29-Sep-21		5,863,401.00	5,863,401.00	2021/2022
Consultant-LEA Associates		29-Sep-21		6,377,831.00	6,377,831.00	2021/2022
Consultant-LEA Associates-Invoice 37		21-Dec-21		6,377,831.00	6,377,831.00	2021/2022
Consultant-LEA Associates-Invoice 38		21-Dec-21		6,819,291.00	6,819,291.00	2021/2022
Intex		11-Nov-21		713,899,137.00	713,899,137.00	2021/2022
Consultant-LEA Associates-Invoice 40		2-Feb-22		7,398,480.00	7,398,480.00	2021/2022
Consultant-LEA Associates-Invoice 39		8-Feb-22		7,116,638.00	7,116,638.00	2021/2022
Consultant-LEA Associates-Invoice 41		18-Feb-22		7,398,480.00	7,398,480.00	2021/2022
Intex RAF Invoice 15		7-Feb-22		718,475,365.80	718,475,365.80	2021/2022
Consultant-LEA Associates-Invoice 42		30-Mar-22		8,060,672.00	8,060,672.00	2021/2022
Intex RAF Invoice 16		17-May-22		712,950,934.85	712,950,934.85	2021/2022
Consultant-LEA Associates-Invoice 43		10-May-22		8,192,015.00	8,192,015.00	2021/2022
Total Annuity Funds				2,937,429,510	2,208,225,888	
Total GOK Exchequer Funds				36,969,141,668	36,239,938,047	
F. DEVELOPMENT PARTNERS						
AFD-GOK Counter Part					-	
Total Development Partners					-	
TOTAL FUNDS RECEIVED				64,694,808,284	63,965,604,663	

APPENDIX IV: RECORD OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES