

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 28 NOV 2024	DAY: Thur
TABLED BY:	Hon. Naomi Wago, MP deputy Chief Whip - Maj. Party
CLERK-AT-THE-TABLE:	Vivian Wambui

**REPORT  
OF**

**THE AUDITOR-GENERAL**

**ON**

**DUALLING OF MAGONGO ROAD  
(A109L): PHASE II (FIDIC EPC/  
TURNKEY BASED)**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**KENYA NATIONAL  
HIGHWAYS AUTHORITY**



**MINISTRY OF ROADS AND TRANSPORT**



**PROJECT NAME: DUALLING OF MAGONGO ROAD (A109L): PHASE II (FIDIC  
EPC/TURNKEY BASED)**

**IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY**

**PROJECT GRANT/CREDIT NUMBER.....N/A.....**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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



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## **1. Acronyms and Definition of Terms**

CPA	Certified Public Accountant
EIA	Environmental Impact Assessment
EPC	Engineering, Procurement & Construction
ESIA	Environmental Social Impact Assessment
ESMP	Environment & Social Management Plan
FIDIC	International Federation of Consulting Engineers
FY	Financial Year
GoK	Government of Kenya
HIV	Human Immunodeficiency Virus
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ICB	International Competitive Bidding
KeNHA	Kenya National Highways Authority
KISM	Kenya Institute of Supplies and Management
Kshs.	Kenya Shillings
MDAs	Ministries Departments & Agencies
M&E	Monitoring & Evaluation
NEMA	National Environment Management Authority
PAPs	Project Affected Persons
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
PWDs	Persons Living with Disabilities
RAP	Resettlement Action Plan
SIA	Social Impact Assessments
SDG	Sustainable Development Goals
SMART	Specific, Measurable, Achievable, Realistic & Time Bound
TMEA	Trade Mark East Africa
TNT	The National Treasury
USD	United States Dollar

**2. Project Information and Overall Performance**

**2.1 Name and registered office**

Dualling of Magongo Road (A109L): Phase II (FIDIC/TURNKEY BASED)

**Objective:**

The development objectives of the Project were to increase trade and regional integration and to contribute to the Government of Kenya’s social and economic development and poverty reduction efforts by providing a more efficient and effective transport system.

**Address:** Barabara Plaza  
Jomo Kenyatta International Airport (JKIA) off Mazao Road  
Nairobi Kenya

**Contacts:** Director General  
Kenya National Highways Authority  
P. O Box 49712-00100  
Nairobi  
Telephone: (254) 020 495000  
E-mail: [dg@Kenha.co.ke](mailto:dg@Kenha.co.ke)  
Website: [www.kenha.co.ke](http://www.kenha.co.ke)

**2.2 Project Information**

Project Start Date:	06 April 2018
Project End Date:	08 June 2024
Project Coordinators:	Eng. Henry Gakuru
	Eng. Kevin Nyabuto
Project Sponsor:	Trade Mark East Africa (TMEA) and the Government of Kenya (GoK)

**2.3 Project Overview**

Line Ministry/ State Department of the project	The project was under the supervision of the State Department of Roads under the Ministry of Roads and Transport
Project number	N/A
Strategic goals of the project	The strategic goals of the project were as follows: (i) Improve cargo off take from the port. (ii) Reduce the vehicle operating cost and facilitate the transport of goods and passengers to and from the container terminal and Moi International Airport. (iii) Enhance social economic development of the people around the project area.
Summary of Project Strategies for achievement of strategic goals	The project management aimed to achieve the strategic goals through implementation of the project in a timely, efficient and effective manner.

**Project Information and Overall Performance (Continued)**

Other important background information of the project	<ol style="list-style-type: none"> <li>The project involved the Dualling of Magongo road starting approximately 300m from the Magongo (A109L) road/Airport access (C110) road intersection through Magongo road to terminate at the Railways crossing just before the A109L/A109 road junction at Kwa-Jomvu (a length of approximately 5.0 Km).</li> <li>The project was jointly financed by Trade Mark East Africa (TMEA) and The Government of Kenya (GoK). In the financing agreement, TMEA contribution was 32% while GoK contribution was 68%</li> </ol>
Project duration	The Project was for a duration of 60 months originally, with an approved Extension of Time by 933 days, further reviewed and approved cumulatively to 1,499 days. The defects notification period is 12 months.

**2.4 Bankers**

Co-operative Bank of Kenya  
 Upper Hill Branch  
 P.O. Box 48231 - 00100  
 Nairobi.

National Bank of Kenya  
 Hill Branch  
 P.O Box 72866 - 00200  
 Nairobi.

**2.5 Independent Auditor**

Auditor General  
 Office of the Auditor General  
 P.O. Box 30084 - 00100 GPO  
 Nairobi

**2.6 Roles and Responsibilities**

List of the people who were working on the project is tabulated below:

	<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
1.	Eng. Henry Gakuru	Director-Development	Registered Engineer	Project Implementing Team Leader
2.	Eng. Kevin Nyabuto	Deputy Director-Special Projects	Registered Engineer	Project Engineer
3.	Mr. Walter Nyatwang'a	Deputy Director-Environment & Social Interests	NEMA Lead Expert, Member EIK	Project Environment & Safeguards Specialist
4.	Ms. Norah Odingo	Deputy Director-Legal Services	Advocate of the High Court of Kenya	Project Legal Specialist
5.	Mr. Chanje Kera	Deputy Director-Finance & Accounts	Certified Public Accountant of Kenya	Project Financial Specialist
6.	Mr. Richard Kilel	Assistant Director-Supply Chain Management	Member, KISM	Project Procurement Specialist

**Project Information and Overall Performance (Continued)**

**2.7 Funding summary**

The Project was for a duration of 6 years from 2018 to 2024 with an approved budget of USD 11,785,982 equivalent to Kshs. 1,190,973,504 as highlighted in the table below:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30.06.2024)		Undrawn balance to date (30.06.2024)	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
TMEA	11,785,982	1,190,973,504	11,785,982	1,190,973,504	-	-
<b>(ii) Counterpart funds</b>						
Government of Kenya	-	3,500,000,000	-	2,720,882,249	-	779,117,751
<b>Total</b>	<b>11,785,982</b>	<b>4,690,973,504</b>	<b>11,785,982</b>	<b>3,911,855,753</b>	<b>-</b>	<b>779,117,751</b>

**B. Application of Funds**

Application of funds	Amount received to date - (30.06.2024)		Cumulative Amount paid to date - (30.06.2024)		Unutilised balance to date - (30.06.2024)	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
TradeMark East Africa	11,785,982	1,190,973,504	11,785,982	1,190,973,504	-	-
<b>(ii) Counterpart funds</b>						
Government of Kenya	-	2,720,882,249	-	2,686,919,338	-	33,962,911
<b>Total</b>	<b>11,785,982</b>	<b>3,911,855,753</b>	<b>11,785,982</b>	<b>3,877,892,842</b>	<b>-</b>	<b>33,962,911</b>

**2.8 Summary of Overall Project Performance:**

i) Budget performance against actual amounts for current year and for cumulative to-date: -

Budget	FY 2023/24			Cumulative		
	Budget	Actual	%	Budget	Actual	%
Counterpart Funds - GoK	282,629,465	271,541,568	96%	3,127,419,285	2,686,919,338	86%
Grants from External Development Partners						
TMEA	-	-	-	1,550,000,000	1,190,973,504	77%
<b>Total</b>	<b>282,629,465</b>	<b>271,541,568</b>	<b>96%</b>	<b>4,677,419,285</b>	<b>3,877,892,842</b>	<b>83%</b>

**Project Information and Overall Performance (Continued)**

- ii) Physical progress based on outputs, outcome and impacts since project commencement: -
- As at 30<sup>th</sup> June, 2024, the physical progress of works was 92.66% and time elapsed is 74 months.
  - The Contractor applied for a substantial completion inspection and taking over of works by the Employer as provided in the Conditions of Contract. Inspection Meeting was held on 11<sup>th</sup> July 2024.
  - There is good road alignment connectivity with the Phase I Project at KM 0+0100
  - There is grade separated junction, and oil pipelines protection works at Changamwe Refinery Junction Km 0+ 700
  - There are 2 foot bridges installed along the section for use by the pedestrians.
- iii) Absorption rate for each year since the commencement of the project.

<b>Financial Year</b>	<b>Budget</b>	<b>Actual</b>	<b>Percentage (%)</b>
	<i>Kshs.</i>	<i>Kshs.</i>	
FY 2023/24	282,629,465	271,541,568	96%
FY 2022/23	228,247,155	205,372,141	90%
FY 2021/22	385,000,000	168,930,487	44%
FY 2020/21	1,736,349,015	1,307,460,750	75%
FY 2019/20	1,857,693,650	1,801,562,526	97%
FY 2018/19	150,000,000	121,509,136	81%
FY 2017/18	37,500,000	1,516,234	4%
<b>Total</b>	<b>4,677,419,285</b>	<b>3,877,892,842</b>	<b>83%</b>

- iv) Project Implementation challenges and recommendations.

<b>Item No.</b>	<b>Project Implementation Challenges</b>	<b>Recommendations</b>
1	Delay in providing access for contractor in areas where land acquisition/relocation of services process was ongoing	Continuous engagements and compulsory land acquisition aided in resolving the pending right of way and settlement of Project of Affected Persons.
2	Delayed payments of GOK components of the Contractor's Interim Payment Certificates (IPCs).	Budget provisions were made in subsequent financial years that facilitated settlement of Project pending bills.

**2.9 Summary of Project Compliance:**

There are no significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants, which has been reported.

**3. Statement of Performance Against Project's Predetermined Objectives**

**Introduction**

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

The key development objectives of the project agreement/ plan were: -

- a) To improve cargo off take from the port of Mombasa.
- b) To reduce the vehicle operating cost and facilitate the transport of goods and passengers to and from the container terminal and Moi International Airport.
- c) To enhance social economic development of the people around the project area.

**Progress on attainment of Strategic development objectives**

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

Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)	To improve cargo off take from the port	Reduced congestion in Mombasa town. Reduced travel time between Mombasa and Malaba	Increased volume of Import Export trade handled at the port of Mombasa.	Improved cargo movement out of the Port of Mombasa
	To reduce the vehicle operating cost and facilitate the transport of goods and passengers to and from the container terminal and Moi International Airport.	Reduced congestion in Mombasa town.	Increased volume of Import Export trade handled at the port of Mombasa.	Improvement of traffic movement at intersections.
	To enhance social economic development of the people around the project area	Improved air quality along the project road hence improved health among communities along the project road.	Reduced CO <sub>2</sub> concentration along the project road as a result of reduced traffic congestion	Trade volumes have increased along the project road as a result of ease of access to business premises.

#### **4. Environmental and Sustainability Reporting**

Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based) had a main focus of improving transportation infrastructure to enhance connectivity and efficiency. In terms of environmental and sustainability reporting, the strategy involved rigorous assessment and mitigation of environmental impacts throughout the project lifecycle. Below is a brief highlight of the activities that drove towards sustainability.

##### **i. Sustainability strategy and profile**

Sustainable Development Goals (SDGs) 2015-2030 provides a plan of action for the people and Authority's prosperity. Five out of the seventeen goals are pertinent to management of projects being undertaken by the Authority. These are being addressed through the following initiatives;

- a) *Good health and well-being (SDG 3)*: The Authority strove to undertake Road Safety Audits to identify accident black spots, implement intervention measures and provide road safety education to reduce accidents;
- b) *Gender Equality (SDG 5)*: The Authority encouraged mainstreaming of gender equality in project and programmes by incorporating compliance to one third gender rule in procurement and recruitment;
- c) *Industry, innovation and infrastructure (SDG 9)*: The Authority developed quality, reliable, sustainable and resilient infrastructure including regional and trans-border infrastructure to support economic development and human wellbeing with a focus on affordable and equitable access for all;
- d) *Sustainable cities and communities (SDG 11)*: The Authority endeavoured to extend the paved road network to hitherto underserved areas in the region to improve nationwide access to high speed and all – weather connectivity; and
- e) *Climate action (SDG 13)*: The Authority endeavoured to combat negative impacts of road development through environmental mitigation, climate change measures and compliance with National Environment Management Authority (NEMA) requirements in all development projects.

##### **ii. Environmental performance**

The Authority worked towards ensuring environmental sustainability in projects by undertaking tree planting exercises, implementation of road beautification programs, enforcing reinstatement of quarries and borrow pits after construction works, undertook regular Environmental Impact Assessment (EIA) Audits, carried out M&E on Environment and Social Management Plan (ESMPs) as well as Environmental Social Impact Assessment (ESIA) on projects.

**Environmental and Sustainability Reporting (Continued)**

While executing works, the Contractor continued to perform air quality management such as regularly dampening of deviations and other dust-prone accesses to lay dust; Sprinkling of stockpiles (mainly the quarry dust) at the construction camp; control of construction vehicle speed limits along the deviations and dusty accesses; regularly servicing of vehicles and other machinery that controlled exhaust gas emissions, maintenance of the asphalt and concrete batching plants including the dust collection systems that ensured effectiveness in dust collection.

**iii. Employee welfare**

In all its staff appointments, the Authority took deliberate actions to embrace Equal Employment Opportunity policies, gender mainstreaming, addressed concerns around Persons Living with Disabilities (PWDs) and took affirmative action in line with prevailing Government Policy guidelines. The Authority prioritized training to develop technical capacity of staff in the fields of Value Engineering, Project Financing, Project, Contract Management, Performance Based Maintenance and Safety.

**iv. Market place practices**

**a) Responsible Supply chain and supplier relations**

The Authority strived to ensure responsible competition practices through undertaking annual governance audits in projects, monitored the implementation of policies and further promoted ethical conduct in projects.

**b) Responsible ethical practices**

The Authority equally sensitized staff on corruption and integrity.

**c) Regulatory impact assessment**

The Authority undertook to be actively involved in the negotiations during budget sector hearings in order to increase budgetary allocations for projects thus honouring contracts by paying its liabilities on time.

Further, the Authority endeavoured to honour its contractors and vendors payments through paying within the set payment timelines in the contracts and agreements.

**v. Community Engagements**

During the implementation of the Project, the Authority was committed to remaining a responsible corporate citizen by being accountable for its actions through engaging in Public Participation. The Project's goal in terms of community engagement was to ensure that the projects fostered long-term relationships with stakeholders and communities around the project.

**Environmental and Sustainability Reporting (Continued)**

The aim was not just to build roads that foster development but to ensure collaboration with the local communities to achieve sustainable development. The project staff were also encouraged to give back to society by participating in the Authority's corporate social responsibility projects.

During the project execution, the Contractor continued to offer employment opportunities to the locals as casuals. The Contractor also carried out awareness and education on HIV and protection against the disease and other sexually transmitted diseases.

The Contractor was able to construct new sewers at the following sections for the community at no extra cost to the Project:

1. Magongo Safari: Scope; Length 185m, diameter 150mm with 5 number chambers.
2. Wayani: Scope; Length 65m, diameter 200mm with 3 number chambers.
3. Jomvu Madukani: Scope; Length 180m, diameter 200mm with 4 number chambers.

To enhance social safeguards in projects, the Authority undertook Resettlement Action Plan (RAP) studies and implemented its recommendations, carried out Social Impact Assessments (SIA), undertook gender mainstreaming and conducted stakeholders' forums that sensitized the public in several cross-cutting issues.

**5. Statement of Project Management Responsibilities**

The Director General, KeNHA and the Project Implementation Team Leader are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

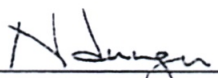
The Director General, KeNHA and the Project Implementation Team Leader accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General, KeNHA and the Project Implementation Team Leader are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The Director General, KeNHA and the Project Implementation Team Leader confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial statements**

The Project financial statements were approved by the Director General, KeNHA and the Project Implementation Team Leader on 10 SEP 2024 and signed by:

  
\_\_\_\_\_  
Eng. Kungu Ndungu, MBS  
Director General

  
\_\_\_\_\_  
Eng. Henry Gakuru  
Director-Development

  
\_\_\_\_\_  
CPA Chanje Kera  
Deputy Director (F&A)  
ICPAK Member No. 8279

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON DUALLING OF MAGONGO ROAD (A109L): PHASE II (FIDIC EPC/TURNKEY BASED) FOR THE YEAR ENDED 30 JUNE, 2024 - KENYA NATIONAL HIGHWAYS AUTHORITY**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based) set out on pages 1 to 19, which comprise

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*Report of the Auditor-General on Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/TURNKEY BASED) for the year ended 30 June, 2024 - Kenya National Highways Authority*

of the statement of financial assets as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based) as at 30 June, 2024 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement between the Government of the Republic of Kenya and Trade Mark East Africa (TMEA) dated 24 November, 2010.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Management of the Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based) 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects approved receipts budget of Kshs.282,629,465 all of which was realized. In addition, budgeted expenditure amounted to Kshs.282,629,465 while actual expenditure was Kshs.271,541,568, resulting to under-utilization of Kshs.11,087,897 or 4%. Available information indicates that the project was for a duration of six (6) years from 2018 to 2024 with an approved budget of USD 11,785,982 equivalent to Kshs.1,190,973,504.

My opinion is not modified in respect of this matter.

#### **Other Matter**

#### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2024. Even though Management indicate that the Authority has already appeared before the Public Accounts

Committee (PAC) and made submissions on all matters raised by the Auditor-General for the financial year 2022/2023, the PAC report is yet to be shared.

## **Other Information**

### **Conclusion**

Project Management is responsible for the other information set out on page ii to xi which comprise of Project Information and overall performance, Environmental and Sustainability Reporting, Statement of Project Management Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## **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. Irregular Variation of Project Costs on Government Contribution**

The statement of receipts and payments reflects cumulative receipts to date from inception of Kshs.3,911,855,753 out of which Kshs.1,190,973,504 or approximately 30% were receipts from Trade Mark East Africa (TMEA) while Kshs.2,720,882,249 or approximately 70% were receipts from The Government of Kenya (GoK). However, the financing agreement indicated that the TMEA contribution was to be 32% while GoK contribution was to be 68%. The increased variation of Kshs.190,063,553 borne by GoK was attributed to price and interest on delayed payments.

In the circumstances, the value for money and efficient achievement of strategic goals of the project could not be confirmed.

#### **2. Failure to Adequately Budget for Pending Bills**

Note 10 to the financial statements on other important disclosures and the corresponding analysis at Annex 4 to the financial statements reflect a balance of Kshs.1,538,311,916 in respect of pending bills. The balance includes Kshs.1,451,647 in respect to supply of

services, Kshs.225,262,970 in relation to construction of civil works and Kshs.1,311,597,299 in relation to lands compensation. As reported in the previous years, Management has undertaken to liaise with The National Treasury to obtain adequate budgetary allocation to pay the pending bills. However, review of the approved budget for the year 2023 - 2024 revealed that Management did not have adequate budget for the pending bills, contrary to the provisions of Regulation 31(2) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to budget for and obtain approval for all services which can be foreseen.

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

### **3. Delay in Completion of the Project**

Review project information revealed that the project commenced on 2 May, 2018 for an initial contract period of sixty (60) months, with an initial completion date of 1 May, 2020 and an original contract sum of Kshs.2,420,327,530. However, during the implementation of the project, several extensions of time were requested cumulatively summing up to 1591 days out of which 933 days were determined and approved by the employer while the cost claim is still being evaluated. The revised completion date based on the EOT was 20 November, 2022 with an actual completion date of 8 June, 2024 and a revised contract sum of Kshs.2,464,287,937.25. A physical verification of the road project undertaken on 17 September, 2024 revealed that the contractor is not on site on account of substantial completion of the project. The physical progress of works completed was 92.66% with time elapsed being 74 months. However, street lights have not been installed and some sections of the road works which included a roundabout at Kwa Jomvu junction was not done as designed due to failure of the Authority to compensate land owners. This is contrary to Section 5(1), (8) and (9) of the Public Procurement and Asset Disposal Act, 2015 states that all procurement by State organs and public entities are subject to the rules and principles of this Act. An accounting officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates. An accounting officer who knowingly commences any procurement process without ascertaining whether the good, work or service is budgeted for, commits an offence under this Act. In addition, Section 47(6) of the Public Finance Management Act, 2012 states that if a project that is being financed by a grant or donation requires National Government funding, the project may only be started when the required funding has been appropriated in accordance with this Act or is authorized by other legislation or the Cabinet Secretary has given a written authorization for the project to start.

In the circumstances, the achievement of the project objectives and value for money could not be confirmed.

### **4. Irregular Variation of Contract Sum on Consultancy Services**

Review of the contract agreement for consultancy services for supervision of the project dated 11 June, 2018, revealed initial contract sum of Kshs.97,326,900. Over the past six (6) years, the contract sum has increased to Kshs.194,429,054.95 translating to an

increase of Kshs.97,102,154.95 or 99.8% of the original contract sum which exceeds the 25% threshold set by law. Management did not provide any approval for separate tender or justification for the contract variation contrary to Section 139(4) (b) of the Public Procurement and Assets Disposal Act, 2015 on amendments or variations to contracts which provides that the quantity variation for goods and services does not exceed fifteen per cent (15%) of the original contract quantity.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Financier and Financing Agreement I report based on my audit, that:

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

## **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions

and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

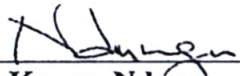
**13 November, 2024**


*Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*


**7. Statement of Receipts and Payments for the Year ended 30th June 2024**

	Note	Receipts & payments controlled by the entity	Payments made by third parties	Total	Receipts & payments controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		FY 2023/24			FY 2022/23			
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Receipts</b>								
Transfer from Government entities	1	282,629,465	-	282,629,465	228,247,155	-	228,247,155	2,720,882,249
Proceeds from domestic and foreign grants	2	-	-	-	-	-	-	1,190,973,504
<b>Total Receipts</b>		<b>282,629,465</b>	<b>-</b>	<b>282,629,465</b>	<b>228,247,155</b>	<b>-</b>	<b>228,247,155</b>	<b>3,911,855,753</b>
<b>Payments</b>								
Purchase of goods and services	3	536,040	-	536,040	2,706,690	-	2,706,690	28,835,797
Acquisition of non-financial assets	4	271,005,528	-	271,005,528	202,665,451	-	202,665,451	3,849,057,045
<b>Total Payments</b>		<b>271,541,568</b>	<b>-</b>	<b>271,541,568</b>	<b>205,372,141</b>	<b>-</b>	<b>205,372,141</b>	<b>3,877,892,842</b>
<b>Surplus/ (deficit)</b>		<b>11,087,897</b>	<b>-</b>	<b>11,087,897</b>	<b>22,875,014</b>	<b>-</b>	<b>22,875,014</b>	<b>33,962,911</b>

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

  
 Eng. Kungu Ndungu, MBS  
 Director General

  
 Eng. Henry Gakuru  
 Director-Development

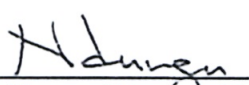
  
 CPA Chanje Kera  
 Deputy Director (F&A)  
 ICPAK Member No. 8279

*Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*


**8. Statement of Financial Assets and Liabilities as at 30<sup>th</sup> June 2024**

Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>Financial Assets</b>			
Cash and Cash equivalents	5	62,170,098	47,306,408
<b>Total Financial Assets (A)</b>		<b>62,170,098</b>	<b>47,306,408</b>
<b>Financial Liabilities</b>			
Third party Deposits and Retention	6	28,207,187	24,431,394
<b>Total Financial Liabilities (B)</b>		<b>28,207,187</b>	<b>24,431,394</b>
<b>Net Financial Assets (A-B)</b>		<b>33,962,911</b>	<b>22,875,014</b>
<b>Represented By</b>			
Fund Balance B/fwd.	7	22,875,014	-
Prior Year adjustments		-	-
Surplus/(Deficit) for the Year		11,087,897	22,875,014
<b>Net Financial Assets</b>		<b>33,962,911</b>	<b>22,875,014</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19 SEP 2024 and signed by:

  
 Eng. Kungu Ndungu, MBS  
 Director General

  
 Eng. Henry Gakuru  
 Director-Development

  
 CPA Chanje Kera  
 Deputy Director (F&A)  
 ICPAK Member No. 8279

**9. Statement of Cash flows for the year ended 30<sup>th</sup> June 2024**

Description	Note	2023/24	2022/23
<b>Cashflow from operating activities</b>		<b>Kshs</b>	<b>Kshs</b>
<b>Receipts</b>			
Transfer from Government entities	1	282,629,465	228,247,155
Proceeds from domestic and foreign grants		-	-
Miscellaneous receipts		-	-
<b>Total Receipts</b>		<b>282,629,465</b>	<b>228,247,155</b>
<b>Payments</b>			
Purchase of goods and services	3	(536,040)	(2,706,690)
Other grants and transfers		-	-
<b>Total Payments</b>		<b>(536,040)</b>	<b>(2,706,690)</b>
<b>Net receipts/(payments)</b>		<b>282,093,425</b>	<b>225,540,465</b>
<b>Adjustments during the year</b>			
Prior year adjustments			
Increase/(decrease) in accounts payables	8	3,775,793	(48,568,108)
<b>Net cash flow from operating activities</b>		<b>285,869,218</b>	<b>176,972,357</b>
<b>Cashflow from investing activities</b>			
Acquisition of non-financial assets	4	(271,005,528)	(202,665,451)
<b>Net cash flows from Investing Activities</b>		<b>(271,005,528)</b>	<b>(202,665,451)</b>
<b>Cashflow from financing activities</b>			
Proceeds from Foreign Borrowings		-	-
Net cash flow from financing activities		-	-
<b>Net increase in cash and cash equivalents</b>		<b>14,863,690</b>	<b>(25,693,094)</b>
<b>Cash &amp; cash equivalent at beginning of the year</b>	5	<b>47,306,408</b>	<b>72,999,502</b>
<b>Cash and cash equivalent at end of the year</b>	5	<b>62,170,098</b>	<b>47,306,408</b>

**10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30<sup>th</sup> June 2024**

<b>Receipts/ Payments Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Transfer from Government entities	305,000,000	22,370,535	282,629,465	282,629,465	-	100%
<b>Total Receipts</b>	<b>305,000,000</b>	<b>22,370,535</b>	<b>282,629,465</b>	<b>282,629,465</b>	<b>-</b>	<b>100%</b>
<b>Payments</b>						
Purchase of goods and services	305,000,000	22,370,535	282,629,465	536,040	11,087,897	96%
Acquisition of non-financial assets				271,005,528		
<b>Total Payments</b>	<b>305,000,000</b>	<b>22,370,535</b>	<b>282,629,465</b>	<b>271,541,568</b>	<b>11,087,897</b>	<b>96%</b>
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,087,897</b>	<b>(11,087,897)</b>	<b>-</b>

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 2** to these financial statements.

## **11. Significant Accounting Policies**

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

### **a) Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **b) Reporting entity**

The financial statements are for Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/ Turnkey Based) under Kenya National Highways Authority.

The financial statements are for the reporting entity Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/ Turnkey Based) as required by Section 81 of the PFM Act, 2012.

### **c) Reporting currency**

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

### **d) Recognition of receipts**

Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/ Turnkey Based) recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

#### **i) Transfers from the Exchequer**

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

#### **ii) External Assistance**

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

#### **iii) Other receipts**

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

**Significant Accounting Policies (Continued)**

**iv) Donations and grants**

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

**v) Proceeds from borrowing**

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

**vi) Undrawn external assistance**

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

**e) Recognition of payments**

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

**i) Compensation of employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

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

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

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively.

**Significant Accounting Policies (Continued)**

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

**f) In-kind donations**

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

**g) Cash and cash equivalents**

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

**h) Restriction on cash**

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

**i) Imprests and Advances**

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

**j) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

**Significant Accounting Policies (Continued)**

- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

A register of the contingent liabilities for the period/ year under review has been included in an annex to these financial statements.

**k) Contingent Assets.**

Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/ Turnkey Based) 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 Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/ Turnkey Based) 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.

**l) Pending bills**

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

**m) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year.

The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

**Significant Accounting Policies (Continued)**

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

**n) Third party payments**

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

**o) Exchange rate differences**

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

**p) Comparative figures**

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

**q) 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, 2024.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in note 9 to these financial statements.

**12. Notes to the Financial Statements**

**1. Transfers from Government Entities**

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

Description	FY 2023/24	FY 2022/23	Cumulative to date (from inception)
	Kshs	Kshs	Kshs
Counterpart funding through Ministry of Transport and Infrastructure			
Counterpart funds Quarter 1	-	18,750,000	119,791,249
Counterpart funds Quarter 2	-	-	696,988,507
Counterpart funds Quarter 3	22,629,465	53,035,047	509,729,905
Counterpart funds Quarter 4	-	-	977,910,480
<b>Total (See Annex 2)</b>	<b>22,629,465</b>	<b>71,785,047</b>	<b>2,304,420,141</b>
<b>Other transfers from government entities</b>			
Road Maintenance Levy Fund	250,000,000	41,250,000	291,250,000
Operations and Administration	10,000,000	-	10,000,000
Annuity Fund	-	115,212,108	115,212,108
<b>Total</b>	<b>282,629,465</b>	<b>228,247,155</b>	<b>2,720,882,249</b>

**2. Proceeds From Domestic and Foreign Grants**

During the 12 months to 30 June 2024 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total Amount	Total Amount	Cumulative to date
						FY 2023/24	FY 2022/23	
		USD	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Grants Received from Multilateral Donors</b>								
Trademark East Africa (TMEA)		-	-	-	-	-	-	1,190,973,504
<b>Total</b>		-	-	-	-	-	-	<b>1,190,973,504</b>

\*No grants were received during the period.

Notes to the Financial Statements (Continued)

**3. Purchase of Goods and Services**

Description	FY 2023/24			FY 2022/23	Cumulative to Date
	Payments made in Cash	Payments made by third Parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Domestic Travel & Subsistence	508,200	-	508,200	2,706,690	28,173,598
Hospitality Supplies & Services	-	-	-	-	221,448
Printing, Adverts & Information Supplies	27,840	-	27,840	-	440,751
<b>Total</b>	<b>536,040</b>	<b>-</b>	<b>536,040</b>	<b>2,706,690</b>	<b>28,835,797</b>

**4. Acquisition of Non-Financial Assets**

Description	FY 2023/24			FY 2022/23	Cumulative to date
	Payments made in Cash	Payments made by third Parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Research, Studies, Project Preparation, Design & Supervision	57,544,224	-	57,544,224	24,665,316	190,593,153
Construction of Roads	205,918,149	-	205,918,149	158,000,135	2,273,992,917
Acquisition of Land	7,543,155	-	7,543,155	20,000,000	1,384,470,975
<b>Total</b>	<b>271,005,528</b>	<b>-</b>	<b>271,005,528</b>	<b>202,665,451</b>	<b>3,849,057,045</b>

**5. Cash and Cash Equivalents**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Bank accounts (Note 5A)	62,170,098	47,306,408
<b>Total</b>	<b>62,170,098</b>	<b>47,306,408</b>

**5A Bank Accounts**

**Project Bank Accounts**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Local Currency Accounts		
National Bank of Kenya Ltd. [A/c No. 0100132733200]	28,207,187	24,431,394
Co-operative Bank of Kenya [A/c No. 01141160979900]	33,962,911	22,875,014
<b>Total bank account balances</b>	<b>62,170,098</b>	<b>47,306,408</b>

Notes to the Financial Statements (Continued)

**6. Third-Party Deposits and Retention**

Description	FY 2023/24		FY 2022/23	
	Kshs		Kshs	
Retentions	3,775,793		24,431,394	
<b>Total</b>	<b>3,775,793</b>		<b>24,431,394</b>	
<b>Ageing analysis:</b>	<b>FY 2023/24</b>	<b>% of the Total</b>	<b>FY 2022/23</b>	<b>% of the total</b>
Under one year	3,775,793	13%	24,431,394	100%
1-2 years	24,431,394	87%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total</b>	<b>28,207,187</b>	<b>100%</b>	<b>24,431,394</b>	<b>100%</b>

**7. Fund Balance Brought Forward**

	FY 2023/24	FY 2022/23
	Kshs	Kshs
Bank accounts	47,306,408	72,999,502
Deposits and Retention	(24,431,394)	(72,999,502)
<b>Total</b>	<b>22,875,014</b>	<b>-</b>

**8. Changes in Accounts Payable (Deposits and Retention)**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Retentions as at 1 <sup>st</sup> July	24,431,394	72,999,502
Closing Retention as at 30 <sup>th</sup> June	28,207,187	24,431,394
<b>Changes in deposit and retention</b>	<b>3,775,793</b>	<b>(48,568,108)</b>

**9. Prior Year Adjustment**

Description	Balance b/f FY 2022/2023 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2022/2023
	Kshs	Kshs	Kshs
Land Compensation pending Bills Brought Forward	1,319,320,454	(180,000)	1,319,140,454

\*Adjustment relates to a transposition error that affected the prior year balance figures.

**Other Important Disclosures**

**10. Pending Bills (See Annex 4)**

<b>Description</b>	<b>Balance b/f FY 2022/23</b>	<b>Additions for the year</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2023/24</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Construction of civil works	289,385,425	141,795,694	205,918,149	225,262,970
Lands Compensation	1,339,140,454	-	7,543,155	1,311,597,299
Supply of services	31,889,525	25,654,699	57,544,224	1,451,647
<b>Total</b>	<b>1,660,415,404</b>	<b>167,450,393</b>	<b>271,005,528</b>	<b>1,538,311,916</b>

*Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

13. Annexes

Annex 1: Prior Year Auditor-General’s Recommendations

Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:																																				
1.	<p><b><u>Basis of Qualified Opinion</u></b></p> <p><b>Unsupported Expenditure – Acquisition of Non-Financial Assets</b></p> <p>The statement of receipts and payments reflects acquisition of non-financial assets amount of Kshs. 202,665,451 as disclosed in Note 4 to the financial statements. Review of records revealed that the balance includes an amount of Kshs.24,431,394 in respect of retention amounts for the year under review. However, Management did not provide any evidence including copies of interim payments certificate (IPCs) in support of the amount of Kshs.24,431,394</p> <p>In addition, Note 8 to the financial statements reflect change in retention (payments) amount of Kshs.48,58,108. However, review of record provided by Management revealed that the project released Kshs.72,999,502 retention money during the year review thus resulting in an unexplained variance of Kshs.24,431,394. Management did not provide any evidence including copies of interim payments certificate (IPCs) in support of the retention money paid during the financial year.</p> <p>In the circumstances, the accuracy and completeness of the acquisition of the non-financial assets amount of Kshs.202,665,451 and the retentions paid during the year of Kshs.48,568,108 could not be confirmed</p>	<p>We disagree with the observation that evidence of payment of retention monies totaling Kshs 24,431,394 were not provided for audit review. Kshs 24,431,394 represent amounts retained during FY 2022/23 from the contractor’s IPCs as highlighted in the table below.</p> <table border="1"> <thead> <tr> <th>IPC No</th> <th>PV No</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>6(USD)</td> <td>74705</td> <td>7,367,768</td> </tr> <tr> <td>6(Kshs)</td> <td>74737</td> <td>818,635</td> </tr> <tr> <td>7(USD)</td> <td>74706</td> <td>4,437,985</td> </tr> <tr> <td>7(Kshs)</td> <td>74736</td> <td>493,114</td> </tr> <tr> <td>8A(Kshs)</td> <td>74707</td> <td>184,013</td> </tr> <tr> <td>8B(Kshs)</td> <td>79204</td> <td>505,865</td> </tr> <tr> <td>8B(USD)</td> <td>79203</td> <td>6,208,904</td> </tr> <tr> <td>9A(USD)</td> <td>79205</td> <td>983,677</td> </tr> <tr> <td>9B(USD)</td> <td>80041</td> <td>400,006</td> </tr> <tr> <td>9C(USD)</td> <td>81511</td> <td>3,031,427</td> </tr> <tr> <td colspan="2"><b>Total</b></td> <td><b>24,431,394</b></td> </tr> </tbody> </table> <p>We further clarify that prior year (FY 2021/22) payables (retentions) amounts to Kshs 72,999,502 as reported in the Statement of Financial Assets and Note 6 to the Financial Statements (Accounts Payables–Retentions). As correctly observed this amount was released to the contractor during the financial year under review upon submission of a valid retention bank guarantee. A copy of the payment voucher for the release of retention was availed for review. The amount retained of Kshs 24,431,394 when deducted from retentions released of Kshs 72,999,502 equates to changes in retentions. Therefore, there is no variance and the retention amounts can be confirmed.</p>	IPC No	PV No	Amount	6(USD)	74705	7,367,768	6(Kshs)	74737	818,635	7(USD)	74706	4,437,985	7(Kshs)	74736	493,114	8A(Kshs)	74707	184,013	8B(Kshs)	79204	505,865	8B(USD)	79203	6,208,904	9A(USD)	79205	983,677	9B(USD)	80041	400,006	9C(USD)	81511	3,031,427	<b>Total</b>		<b>24,431,394</b>	Not Resolved	Ongoing
IPC No	PV No	Amount																																						
6(USD)	74705	7,367,768																																						
6(Kshs)	74737	818,635																																						
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***Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)***  
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<b>Ref No.</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Time frame:</b>
2.	<p><b>Emphasis of Matter</b></p> <p><b>Pending Bills</b>  Note 1 of other important disclosures on pending accounts payable and Annex 4 to the financial statements reflect a balance of Kshs.1,640,595,404 in respect of pending bills.  The balance includes amounts of Kshs.289,385,425, Kshs.1,319,320,454 and Kshs.31,889,525 in relation to construction and civil works, land compensation and supply of services respectively.  As reported in the previous years, Management has explained commitment to liaise with The National Treasury to obtain adequate budgetary allocation to secure prompt payment of the pending bills. Failure to settle bills during the year in which they relate adversely affects the provisions of the subsequent year to which they have to be the first charge.</p>	<p>We agree with the Auditors observation that pending bills reflects a balance of Kshs 1,646,903,449 made up of Kshs 31,889,525 for consultancy services, Kshs 289,385,425 for civil works and Kshs 1,325,628,499 land compensation pending bills.</p> <p>We wish to clarify that pending bills arise due to inadequate GoK budgetary provisions. In the current FY 2023/24, the Authority has managed to secure Kshs 282,629,465 in GoK budgetary provision.</p> <p>We therefore can confirm that there is progression in reducing the pending bills as and when funds are allocated and disbursed.</p> <p>The Authority will continue working with the Parent Ministry and the National Treasury with an aim of securing adequate GoK budgetary provision for the Project to settle these pending bills.</p>	Not Resolved	Ongoing
3.	<p><b>Contingent Liabilities</b></p> <p>Annex 6 to the financial statements on contingent liabilities register reflects claim for extension of time amount of Kshs 2,851,043,577 for associated costs that may be payable to the main contractor of the project's road works. Although Management has disclosed that the claim is yet to be determined, it represents a possible cost to the Project which could have been avoided if the project was delivered within the agreed timelines.</p>	<p>We agree with the audit opinion that there is a provision of a contingent liability totalling to Kshs 2,851,043,577 for the project.</p> <p>The claim for extension of time has been as a result of slow compensation of Project Affected Persons which delayed access to the Right of Way to enable the Contractor to proceed with works. The slow compensation of Project of Affected Persons is due to inadequate GoK budgetary provisions coupled with late release of Exchequer funds.</p> <p>The Authority however continues to closely work with the Parent Ministry and the National Treasury for adequate budget</p>	Not Resolved	Ongoing

***Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

<b>Ref No.</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Time frame:</b>
		allocation to the Project subject to approved budget ceilings to clear land compensation and therefore gain access to Right of Way to expedite works.		
4.	<p><b><u>Other Matter</u></b></p> <p><b>Unresolved Prior Year Matters</b></p> <p>In the audit report of the previous year, a number of issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not given any explanation on how the issues were resolved.</p>	<p>We agree with the Auditor's observation that prior year matters have not been resolved.</p> <p>We wish to clarify that the Authority is continuously working with the Parent Ministry and Office of the Auditor General with an aim of resolving all prior year matters.</p> <p>The Authority appeared before the Public Accounts Committee (alongside the State Department for Roads) from 30<sup>th</sup> January to 1<sup>st</sup> February 2024 to present its submissions on matters raised by the Auditor General for the FY 2021/2022.</p>	Not Resolved	Ongoing
5.	<p><b><u>Basis for Conclusion</u></b></p> <p><b>Irregular Variation of Contract Sum</b></p> <p>Review of the contract agreement for consultancy services for supervision of the Project dated 11 June, 2018, revealed that the contract had an initial contract sum of Kshs.97,326,900. Over the past five (5) years, the contract sum has increased to Kshs.133,048,929 translating to an increase of Kshs.35,722,029 or 37% of the original contract sum which exceeds the 15% threshold set in the law by 22%. Management did not provide any approval or justification for the contract sum variation.</p> <p>This is contrary to Section 139 (4) (b) of the Public</p>	<p>We agree with the Auditor's observation that the contract sum has increased by 37% of the original contract sum. We however wish to clarify that the Project is jointly financed by Trade Mark East Africa (TMEA) through a grant and the Government of Kenya (GoK).</p> <p>The procurement of the various project components under the Project were therefore processed in accordance with the Financier's procurement guidelines and the provisions of the Financing agreement. The extract of the Financier's procurement guidelines was availed for audit review.</p>	Not Resolved	Ongoing

***Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

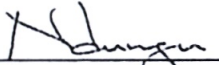
Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	Procurement and Assets Disposal Act, 2015 which states that for the purposes of this Section, any variation of a contract shall only be considered after twelve months from the date of signing the contract and shall only be considered if the following are satisfied - that the quantity variation for goods and services does not exceed fifteen per cent (15%) of the original contract quantity. In the circumstances, Management was in breach of the law.	Further, all variations were done in line with the said guidelines where prior no-objection from TMEA was obtained before approval. The No Objection from TMEA granting approval for the variations was availed for audit review.		
6.	<p><b>Delay in Completion of the Project</b></p> <p>As previously reported, the Project commenced on 1 May, 2018 for a period of 24 months ending 1 May 2020. The contractor was later awarded an interim extension of time of 933 days (54.79 months) revising the completion date to 20th November, 2022. However, the project stalled in November 2021 as evidenced by the project briefs of August, 2022 and July, 2023 which revealed that the project progress remained at 86%. It was also observed that the last Interim Payment Certificate (IPC) No.9 was raised in December, 2021. As at July, 2023 the time elapsed was 113.16% against a progress of 86.44% yet there was no evidence of any other extension of time. Further, an audit inspection carried out on the road project revealed that there are sections of the road where the works cannot proceed due to failure of the Authority to compensate land owners which included the left-hand side from Km 0+965 to Km 1+300 on the main carriage way and service lane as well as at Km 0+000 to 0+500 on</p>	<p>We agree with the Auditor's observation of delay in completion of the Project.</p> <p>We wish to clarify that delay in completion of the Project has been due to inadequate GoK budgetary allocation to the Project coupled with late release of Exchequer funds to enable compensation of Project Affected Persons and grant the carriage way to the contractor.</p> <p>We confirm that as at 30<sup>th</sup> June 2024 the project is substantially complete and the substantial inspection was done on 11<sup>th</sup> July 2024 with commencement of Defects Notification Period for one year recorded as 30<sup>th</sup> May 2024.</p>	Not Resolved	Ongoing

***Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>the left- and right-hand side at the Bomu link road. In the circumstances, the delay in completion will undermine the objectives for which the project was meant to achieve and therefore the value for money on this project could not be confirmed.</p>			
7.	<p><b>Additional Claims and Charges for the Road Project</b></p> <p>Review of records revealed that the contractor has been awarded claims of Ksh 163,589,025 and Ksh 70,689,452 for price variations and interest on delayed payments respectively both totalling Kshs.234,278,477.</p> <p>The project has therefore incurred an additional and avoidable cost of Kshs.234,278,477 due to cost variations and delays in payments for the contract.</p> <p>Further, review of the Project briefs dated 25 July, 2023 revealed that the contractor had made a prolongation cost claim of Kshs.3,497,747,818 which is approximately 142% of the initial civil works project cost of Kshs.2,464,287,937. The claim was still under evaluation at the time of the audit in October, 2023.</p> <p>In addition, during the year under review, the Project consultants raised eleven (11) monthly fee notes for the supervision of the project with a total amount of Kshs.33,678,674. However, there was no value for money for the above fee notes totalling to Kshs.33,678,674 as the road project had stalled as evidenced in by the progress</p>	<p>We agree with the Auditor’s observation that the project has incurred additional claims totalling Kshs 234,278,477. We wish to clarify that claims on interest on delayed payment arise due to inadequate GoK budgetary provisions coupled with late release of Exchequer funds to enable prompt settlement of IPCs and FNs when they fall due.</p> <p>Non-payment of contractual claims when they fall due subsequently results to delay in progress of works due to Contractor’s issuance of notices to slow down progress of works.</p> <p>The Authority will continue working closely with the Parent Ministry and the National Treasury with the aim of securing adequate GoK budgetary provision for the project and timely release of Exchequer funds subject to enable prompt payment of IPCs and FNs for the Project</p>	Not Resolved	Ongoing

**Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>reports reviewed during the audit, and therefore there was no much supervision or contract administration works.</p> <p>In the circumstances, the Project risks the loss of public funds arising due to avoidable costs arising from failure by Management to meet its obligations as per the contract agreement.</p>			

  
 Eng. Kungu Ndungu, MBS  
 Director General  
 10 SEP 2024  
 Date

  
 Eng. Henry Gakuru  
 Director-Development  
 10 SEP 2024  
 Date

*Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Annex 2: Variance Explanations - Comparative Budget and Actual Amounts for FY 2023-2024**


	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilisation Difference</b>	<b>% of Utilisation</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
	<i>Kshs.</i>	<i>Kshs.</i>	<i>Kshs.</i>		
<b>Receipts</b>					
Government of Kenya	282,629,465	282,629,465	-	100%	
External financing	-	-	-	-	
<b>Total receipts</b>	<b>282,629,465</b>	<b>282,629,465</b>	<b>-</b>	<b>100%</b>	
<b>Payments</b>					
Purchase of goods and services	282,629,465	536,040	11,087,897	96%	
Acquisition of non-financial assets		271,005,528			
<b>Total payments</b>	<b>282,629,465</b>	<b>271,541,568</b>	<b>11,087,897</b>	<b>96%</b>	

**Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

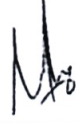
**Annex 3: Reconciliation of Inter-Entity Transfers**

Project Name		Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)		
<b>Break down of Transfers from the State Department of Roads</b>				
<b>a. Government Counterpart Funding</b>				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
		13-Mar-24	15,086,310	FY 2023/24
		13-Mar-24	7,543,155	FY 2023/24
	<b>Total</b>		<b>22,629,465</b>	
<b>b. Others</b>				
			<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
	Road Maintenance Levy Fund	1-Nov-23	62,500,000	FY 2023/24
	Road Maintenance Levy Fund	12-Feb-24	62,500,000	FY 2023/24
	Road Maintenance Levy Fund	29-Apr-24	62,500,000	FY 2023/24
	Road Maintenance Levy Fund	17-Jun-24	62,500,000	FY 2023/24
	Operations & Administration	14-May-24	10,000,000	FY 2023/24
	<b>Total</b>		<b>282,629,465</b>	

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

  
 Eng. Kungu Ndungu, MBS  
 Director General

10 SEP 2024  
 Date

  
 CPA Chanje Kera  
 Deputy Director (F&A)  
 ICPAK Member No. 8279

10 SEP 2024  
 Date

*Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)*  
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**Annex 4: Analysis of Pending Bills**

Supplier of Goods/Services	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2024	2023	
		a	b	c=a-b		
<b>Consultancy Services</b>						
Multiscope	29.05.2023	3,034,514	3,034,514	-	1,245,365	FN 48
Multiscope	29.05.2023	3,032,785	3,032,785	-	3,032,785	FN 49
Multiscope	29.05.2023	3,032,089	3,032,089	-	3,032,089	FN 50
Multiscope	29.05.2023	3,037,205	3,037,205	-	3,037,205	FN 51
Multiscope	01.06.2023	3,034,490	3,034,490	-	3,034,490	FN 52
Multiscope	01.06.2023	3,035,569	3,035,569	-	3,035,569	FN 53
Multiscope	01.06.2023	3,037,634	3,037,634	-	3,037,634	FN 54
Multiscope	01.06.2023	3,241,098	3,241,098	-	3,241,098	FN 55
Multiscope	01.06.2023	3,035,511	3,035,511	-	3,035,511	FN 56
Multiscope	01.06.2023	3,035,865	3,035,865	-	3,035,865	FN 60
Multiscope	01.06.2023	3,121,914	3,121,914	-	3,121,914	FN 61
Multiscope	20.05.2024	1,451,647		1,451,647		FN 71
<b>Sub-total</b>		<b>35,130,321</b>	<b>33,678,674</b>	<b>1,451,647</b>	<b>31,889,525</b>	
<b>Civil Works</b>						
China Wu Yi	29.10.2020	82,997,367	82,997,367	-	82,997,367	VoP 1
China Wu Yi	23.06.2022	47,539,042	-	47,539,042	47,539,042	1-Int
China Wu Yi	23.06.2022	80,591,658	67,813,833	12,777,825	80,591,658	VoP 2
China Wu Yi	23.06.2022	23,150,410	-	23,150,410	23,150,410	2-Int
China Wu Yi	23.12.2021	122,863,533	122,863,533	-	55,106,949	Ipc 9
China Wu Yi	07.08.2023	106,806,687	-	106,806,687	-	3- Int
China Wu Yi	16.06.2024	34,989,006	-	34,989,006	-	4- Int
<b>Sub-total</b>		<b>498,937,702</b>	<b>273,674,733</b>	<b>225,262,970</b>	<b>289,385,425</b>	
<b>Land</b>	30.06.2019	<b>2,696,068,274</b>	<b>1,384,470,975</b>	<b>1,311,597,299</b>	<b>1,319,140,454</b>	
<b>Grand-Total</b>		<b>3,230,136,297</b>	<b>1,691,824,382</b>	<b>1,538,311,916</b>	<b>1,640,415,404</b>	

*Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)*  
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**Annex 5: Summary of Fixed Asset Register**

Asset class	Opening Cost	Purchases/Additions in the Year	Disposals in the Year	Closing Cost
	(KShs)	(KShs)	(KShs)	(KShs)
	2023/24	2023/24	2023/24	2024
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Land	1,376,927,820	7,543,155	-	1,384,470,975
Construction of Roads	2,201,123,697	263,462,373	-	2,464,586,070
<b>Total</b>	<b>3,578,051,517</b>	<b>271,005,528</b>	<b>-</b>	<b>3,849,057,045</b>

***Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based)***  
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**Annex 6 – Contingent Liabilities Register**

	<b>Nature of contingent liability</b>	<b>Payable to</b>	<b>Estimated Amount Kshs</b>	<b>Expected date of payment</b>	<b>Remarks</b>
1	Claim for extension of time plus associated costs	China Wu Yi Co. Ltd.	2,851,043,577	Claim is under review	The Authority's Technical Team is reviewing the submissions
2.	Dispute on NLC Award amount	Muna Ahmed Salim, Abude Suleman Abdalla and Abdulkarm Ahmed Salim	32,724,870	Upon date of ruling.	This is subject to the ruling being in favour of plaintiff and allocation of budget by GoK
3.	Dispute on NLC Award amount	Pwani Oil Products	180,905,719	Upon date of ruling.	This is subject to the ruling being in favour of plaintiff and allocation of budget by GoK