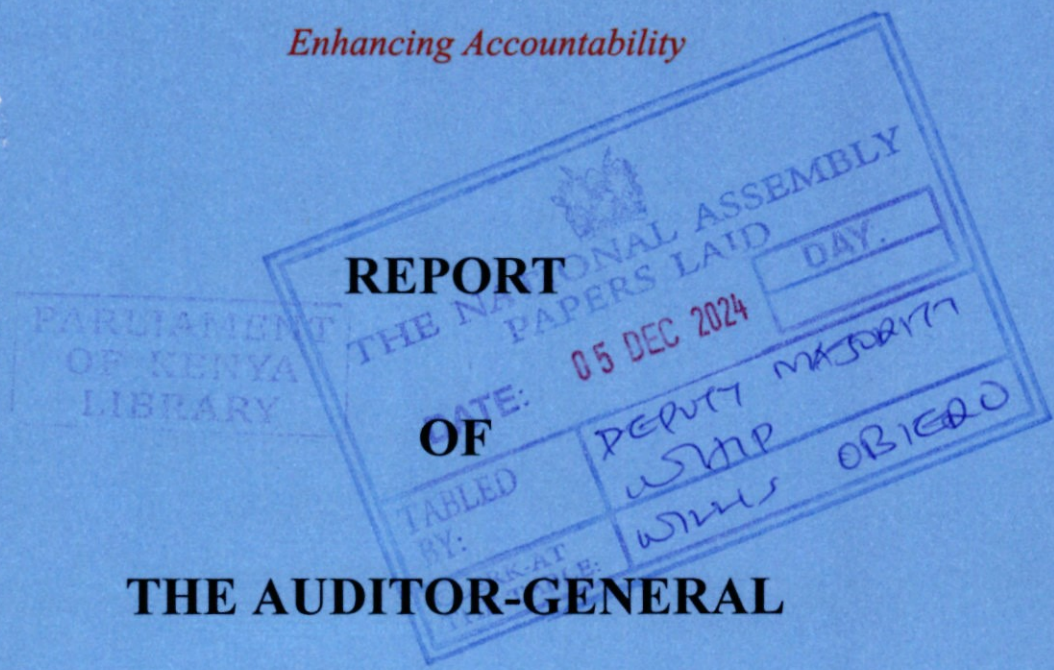


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**SIRARI CORRIDOR ACCESSIBILITY AND
ROAD SAFETY IMPROVEMENT PROJECT:
ISEBANIA-KISII-AHERO (A1) ROAD
REHABILITATION**

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

KENYA NATIONAL HIGHWAYS AUTHORITY



OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
REGISTRY

07 NOV 2024

RECEIVED

MINISTRY OF ROADS AND TRANSPORT



**PROJECT NAME: SIRARI CORRIDOR ACCESSIBILITY AND ROAD SAFETY IMPROVEMENT
PROJECT: ISEBANIA – KISII – AHERO (A1) ROAD REHABILITATION**

IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY

PROJECT CREDIT NUMBER: 2000130015238

PROJECT GRANT NUMBER: 5580155000451

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation
Annual Report and Financial Statements for the financial year ended June 30, 2024

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1. Acronyms and Definition of Terms

AfDB	African Development Bank
AIE	Authority to Incur Expenditure
AITF	Africa Infrastructure Trust Fund
CBK	Central Bank of Kenya
CPA	Certified Public Accountant
EAC	East Africa Community
EIA	Environmental Impact Assessment
EIK	Environmental Institute of Kenya
FY	Financial Year
GK	Government of Kenya
HDU	High Dependency Unit
ICPAK	Institute of Certified Public Accountants of Kenya
ICU	Intensive Care Unit
IPSAS	International Public Sector Accounting Standards
KeNHA	Kenya National Highways Authority
KISM	Kenya Institute of Supplies and Management
Kshs.	Kenya Shillings
LSK	Law Society of Kenya
MoRT	Ministry of Roads and Transport
MRI	Magnetic Resonance Imaging
NEMA	National Environment Management Authority
PAPs	Project Affected Persons
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
RAP	Resettlement Action Plan
SDG	Sustainable Development Goals
TNT	The National Treasury
USD	United States Dollar
VOC	Vehicle Operating Cost

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation.

Objective

The key objective of the project entails the construction of 2-lane 2-way highway with grade separated intersections where appropriate, high quality pavement, 1.5-2m wide shoulders to reduce traffic friction and enhance safety of road users.

The project consist of improvements of earth/gravel surface feeder roads contiguous with the highway as a way of widening access and to ensure that the road systems function as a network due to improved networks connectivity between lower level networks and the main national road system. A number of social infrastructure (markets, dispensaries, and schools) are also connected with the main road network as the budget will allow.

The project objective is to improve road transport infrastructure between Tanzania and Kenya, particularly between Mwanza and Kisumu, and onwards to Eldoret in the north and further to Nairobi- the regional commercial hub of East Africa.

Address

The project headquarter offices are in Nairobi City, Nairobi County, Kenya. The address of its registered office is:

Barabara Plaza

Jomo Kenyatta International Airport (JKIA) off Mazao Road

Nairobi Kenya

Contacts: The following are the project contacts

Director General

Kenya National Highways Authority

Po Box 49712-00100

Nairobi

Telephone: (254) 020 495000

E-mail: dg@Kenha.co.ke

Website: www.kenha.co.ke

2.2 Project Information

Project Start Date:	9 th June, 2017
Project End Date:	30 th June 2025
Project Coordinator	Eng. Mutii Kivoto
Project Sponsors:	1. African Development Bank (AfDB) 2. Government of Kenya (GoK)

Project Information and Overall Performance (Continued)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of State Department for Roads under the Ministry of Roads and Transport
Project number	P-KE-DB0-023
Strategic goals of the project	The strategic goals of the project are as follows: (i) To improve travel conditions. (ii) To unlock growth in high potential productive sectors of: agriculture, fisheries and agro-allied industries (iii) By lowering travel time and transport costs, the project will improve competitive position of the region through increased market access and lower costs.
Summary of Project strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Timely procurement of financing components (ii) Review of progress through monthly site meetings
Other important background information of the project	Isebania-Kisii-Ahero road was first upgraded in 1969, and was aimed at linking Kenya and Northern Tanzania to strengthen cross border business activities and economic ties within the East Africa Community (EAC). Over time with maintenance, the level of service has dropped in light of increasing motorization, changing vehicle designs, inadequate geometrics, and severely pot-holed pavement. The poor road condition continued to undermine domestic and inter-regional trade within the area hence need for the project.
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (i) Prolonged travelling time from Isebania boarder to Kenyan borders with Uganda & South Sudan (ii) Numerous road accidents along the project road
Project duration	The project initial duration was 48 months which was eventually extended to 96 months.

2.4 Bankers

The following are the bankers for the project

- (i) Co-operative Bank of Kenya
 Upper Hill Branch
 Po Box
 Nairobi.

- (ii) National Bank of Kenya
 Hill Branch
 Po Box 45219-00100
 Nairobi.

Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation
Annual Report and Financial Statements for the financial year ended June 30, 2024

Project Information and Overall Performance (Continued)

2.5 Independent Auditors

The project is audited by the Office of the Auditor-General of P.O Box 30084-00100, Nairobi

2.6 Roles and Responsibilities

List of the people who are working on the project.

No.	Names	Title designation	Key qualification	Responsibilities
1	Eng. Henry Gakuru	Director-Development	Registered Engineer	Project Implementing Team Leader
2	Eng. Mutii Kivoto	Deputy Director-Special Projects	Registered Engineer	Project Engineer
3	Mr. Walter Nyatwang'a	Deputy Director Environment & Social Interests	NEMA Lead Expert, Member-EIK	Project Safeguards Specialist
4	Ms. Norah Odingo	Deputy Director-Legal Services	Advocate of High Court of Kenya	Project Legal Specialist
5	Ms. Levina Wanyonyi	Deputy Director-Supply Chain Management	Member-KISM	Project Procurement Specialist
6	Mr. Chanje Kera	Deputy Director-Finance & Accounts	Certified Public Accountant of Kenya	Project Financial Specialist

2.7 Funding summary

The Project initial duration was 48 months from 9th June 2017 to 8th June 2021. Revised completion date is 30th June 2025 with a defect's notification of 12 months each for Lot 1 & Lot 2. The Project's donor approved budget is USD 239,200,000 equivalent to Kshs. 22,936,800,000 and Government of Kenya commitment of Kshs 7,935,725,870 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30th June 2024)		Undrawn balance to date	
	USD (A)	Kshs (A')	USD (B)	Kshs (B')	USD (A)-(B)	Kshs (A')-(B')
(i) Grant						
EU-AIFT	11,200,000	1,126,720,000	8,997,262	905,124,576	2,202,738	221,595,424
(ii) Loan						
African Development Bank	228,000,000	22,936,800,000	207,349,432	20,859,352,838	20,650,568	2,077,447,162
(ii) Counterpart funds						
Government of Kenya		7,935,725,870		4,108,829,380	-	3,826,896,490
Total	239,200,000	31,999,245,870	216,346,694	25,873,306,794	22,853,306	6,125,939,076

Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation

Annual Report and Financial Statements for the financial year ended June 30, 2024

Project Information and Overall Performance (Continued)

B. Application of Funds

Application of funds	Amount received to date - (30th June 2024)		Cumulative amount paid to date - (30th June 2024)		Unutilised balance to date - (30th June 2024)	
	(UA)	Kshs	(UA)	Kshs	(UA)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
EU-AITF	8,997,262	905,124,576	8,993,260	904,721,946	4,002	402,630
(ii) Loan						
Africa Development Bank	207,349,432	20,859,352,838	207,349,432	20,859,352,838	-	-
(iii) Counterpart funds						
Government of Kenya	40,843,234	4,108,829,380	40,813,270	4,105,814,990	29,964	3,014,390
Total	257,189,928	25,873,306,794	257,155,962	25,869,889,774	33,966	3,417,020

2.8 Summary of Overall Project Performance:

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

Budget	FY 2023-2024			Cumulative		
	Budget	Actual	%	Budget	Actual	%
	Kshs	Kshs		Kshs	Kshs	
Counterpart Funds - GoK	193,165,558	190,151,168	98%	4,476,295,238	4,105,814,990	92%
Loan (AfDB)	2,550,000,000	2,518,850,312	99%	23,538,262,568	20,859,352,838	89%
Grant (EU-AITF)	250,000,000	226,828,078	91%	1,259,094,274	904,721,946	72%
TOTAL	2,993,165,558	2,935,829,558	98%	29,273,652,080	25,869,889,774	88%

(ii) Physical progress based on outputs, outcome and impacts since project commencement: -

Lot 1: Isebania-Kisii

The physical progress as at 30th June,2024 is 98.1% against time elapsed of 86.77 months

Lot 2: Kisii-Ahero

The physical progress as at 30th June,2024 is 99% against time elapsed of 85 months

Project Information and Overall Performance (Continued)

(iii) Absorption rate for each year since the commencement of the project

Financial Year	Budget	Actual	Percentage (%)
	Kshs	Kshs	
FY 2023/24	2,993,165,558	2,935,829,558	98%
FY 2022/23	2,990,218,677	2,746,140,911	92%
FY 2021/22	3,100,000,000	1,942,657,943	63%
FY 2020/21	5,052,289,614	4,623,893,618	92%
FY 2019/20	5,258,255,779	4,563,855,489	87%
FY 2018/19	5,002,559,142	4,989,311,569	100%
FY 2017/18	786,542,518	716,606,008	91%
FY 2016/17	4,090,620,792	3,351,594,678	82%
Total	29,273,652,080	25,869,889,774	88%

(iv) Implementation challenges and recommended next steps.

The project over its implementation period has experienced the following challenges:

- a) Inadequate budgetary provisions which has led to slow progress of works. The Authority in conjunction with MoR&T and TNT are working together to ensure adequate funding is available to the project subject to budget ceilings.
- b) Relocation of utility services. Relocation of power lines and water pipes along the corridor had been a challenge at the beginning of the project. However, the Authority in liaison with the utility providers managed to resolved the challenge.

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 are:

- a) To facilitate transport of goods and passengers along the Tanzania-Kenya-South Sudan Corridor
- b) To open up fresh produce markets in the Lake Victoria Basin
- c) To improve road safety along the Tanzania-Kenya-South Sudan Corridor

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:

Objective	Outcome	Indicator	Performance
To facilitate transport of goods and passengers along the Tanzania-Kenya-South Sudan Corridor	Reduced transport costs	Annual Average Vehicle Operating Cost (VOC)	Transport operators have registered reduction in costs. Passenger fare prices have also reduced as a result of upgrade of the feeder roads
To open up fresh produce markets in the Lake Victoria Basin	Increased accessibility in Lake Victoria basin. Increase in inter-district trade in food crops	Volume and diversity of food crops traded	Regional traders and fresh produce consumers have expressed satisfaction with the volume & quality of fresh produce reaching the markets
Training of women and youth in construction	Skills development for women and youth	Number of women and youth trained.	Selection of participants for the training finalized and training kicked off.

Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation
Annual Report and Financial Statements for the financial year ended June 30, 2024

Objective	Outcome	Indicator	Performance
To improve road safety along the Tanzania-Kenya-South Sudan Corridor	Reduced road fatalities.	Crash fatalities on the road	Five Ambulances have been supplied to five counties within the project road and one to Nyabondo post-crash centre. Equipment for post-crash centre already in the country awaiting completion of the centre to commence installations of the equipment.

4. Environmental and Sustainability Reporting

i. Sustainability strategy and profile

Sustainable Development Goals (SDGs) 2015-2030 provides a plan of action for the people and their 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 strives 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 encourages 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 will develop 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 will extend the paved road network to hitherto underserved areas in the coastal region to improve nationwide access to high speed and all – weather connectivity; and
- e) *Climate action (SDG 13)*: The Authority will 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 is working towards ensuring environmental sustainability in projects by undertaking tree planting exercises, implementation of road beautification programs, enforce reinstatement of quarries and borrow pits after construction works, undertake regular Environmental Impact Assessment (EIA) Audits, carry out M&E on Environment and Social Management Plan (ESMPs) as well as conduct Environmental Social Impact Assessment (ESIA) in projects.

A joint team composed of the Consultant and Contractor has been formed to carry out periodic inspections of all the work places around the project sites to assess the adherence by the Contractors to the mitigation

Environmental Sustainability Reporting (Continued)

measures stated in the contracts. Bi-weekly and monthly inspections are conducted and the observations and recommendations by the team communicated to the Contractors for their action

iii. Employee welfare

In all its staff appointments, the Authority takes deliberate actions to embrace Equal Employment Opportunity policy, gender mainstreaming, address disability and take affirmative action in line with prevailing Government Policy guidelines. The Authority prioritize training to develop technical capacity of staff in the fields of Value Engineering, Project Financing, Project and Contract Management, Performance Based Maintenance and Safety.

iv. Market place practices

The Authority strives to ensure responsible competition practices through undertaking annual governance audits in projects, monitoring the implementation of policies and further to promote ethical conduct in projects, the Authority sensitize staff about corruption and integrity.

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

The Authority has automated finance procedures, continue to create awareness on PFM Act, treasury circulars and regulations in order to enhance financial management in projects.

v. Community Engagements

During the implementation of the Project, the Project is committed to remaining a responsible corporate citizen by being accountable for its actions and maintaining high standards of social and environmental record. The Project's goal in terms of community engagement is to ensure that the projects foster long-term relationships with stakeholders and communities around the project. The aim is 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.

The Project is constructing a Trauma Response Centre at St. Joseph Nyabondo Mission Hospital which is expected to have a 150-bed capacity. Some of the features of the facility will be Intensive Care Unit (ICU), High Dependency Unit (HDU), two operational theatres, MRI machines, CT scanners, X-ray machines, Ultrasound, Laboratory, Pharmacy, Wards as well as consultation rooms. Construction of the centre is

Environmental Sustainability Reporting (Continued)

currently 100% complete. The Response Centre will serve the counties of Kisumu, Kericho, Homa Bay, Migori, Kisii and Nyamira. The Project has also donated ambulances to the counties around the Project area to deal with trauma and post-trauma cases resulting from road accidents.

In Lot 1, the Contractor in consultation with the County Government of Migori agreed to harvest gravel material from a public land in God-Nyinyo area within North Kamagambo and in turn construct a modern Primary School for the area residents. The construction includes an administration block complete with a library, offices, staffroom etc and 4 No classrooms as part of Corporate Social Responsibility.

To enhance social safeguards in projects, the Authority undertake Resettlement Action Plan (RAP) studies and implement recommendations, carry out Social Impact Assessment (SIA) in projects, undertake gender mainstreaming in projects and conduct stakeholders' forum to sensitize the public in cross cutting issues.

5. Statement of Project Management Responsibilities

The Director General, KeNHA and the Project Implementation Team Leader for Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation 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, 2023. 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.

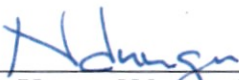
The Director General, KeNHA and the Project Implementation Team Leader accept responsibility for the Project’s financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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, 2023, 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



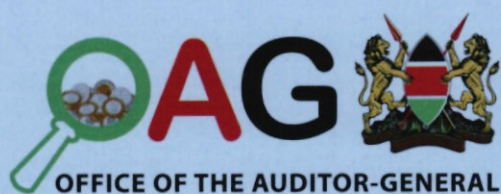
Eng. Henry Gakuru
Director-Development



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

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SIRARI CORRIDOR ACCESSIBILITY AND ROAD SAFETY IMPROVEMENT PROJECT: ISEBANIA-KISII-AHERO (A1) ROAD REHABILITATION FOR THE YEAR ENDED 30 JUNE, 2024 - KENYA NATIONAL HIGHWAYS AUTHORITY

PREAMBLE

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

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

An Unqualified Opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, 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 Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation set out on pages 1 to 28, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows

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

In my opinion, 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 Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation as at 30 June, 2024 and of 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 Financing Agreement No.2000130015238 dated 13 May, 2016 between the African Development Bank and the Government of the Republic of Kenya.

Basis for Qualified Opinion

Unsupported Land Compensation

The Statement of Receipts and Payments reflects acquisition of non-financial assets balance of Kshs.2,922,440,401 as disclosed in Note 5 to the financial statements. Included in the amount is a balance of Kshs.15,000,000 which was paid as being part of an award totalling Kshs.148,740,070 to the three hundred and twenty-two (322) Persons Affected by the Project (PAPs) in Daraja Mbili-Nyamataro-Kisii Town-Suneka section of the road through the National Land Commission. However, review of records revealed that the parcels of lands which were valued by the National Land Commission were on KeNHA road reserve. Though, Management explained that the compensation paid to the Persons Affected by the Project (PAPs) on the road reserves was not for land but for improvements and the lost business. However, as provided in Section 3.6.2 of KeNHA's Environment and Social Safeguards Policy,2019, the occupants of the land were encroachers and were thus not entitled to any compensation.

In the circumstances, the regularity of payment of Kshs.15,000,000 on compensation for the land could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation Management in accordance with ISSAI 130 on the 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, although the issues had been discussed in the Public Accounts Committee of the National Assembly, they remained unresolved as at the time of the audit in October, 2024.

Other Information

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

In connection with my audit on the Project's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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 has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Interest on Delayed Payments

Annex 4 to the financial statements reflect pending bills for civil works totalling Kshs.3,201,078,059. Review of interim payments certificate relating to the pending bills revealed that two construction companies charged interest on delayed payments of Kshs.331,130,553 and Kshs.325,896,185 respectively all amounting to Kshs.657,026,738. This was a cost which could have been avoided had Management made payments as and when they were due considering that the project had adequate funding at the time.

In the circumstances, the delay in payments of certified works has made the project costs to continue escalating with interest payments that are an irregular charge to public funds.

2. Failure to Prepare a Fixed Assets Register

Annex 5 to the financial statements reflects the summary of fixed assets register with a closing cost of Kshs.25,735,878,765 including land valued at Kshs.76,476,393; construction of roads amounting to Kshs.25,125,437,216 and machinery and equipment at a cost of Kshs.533,965,156. Further, there were various assets valued at Kshs.2,922,440,401 which were additions made during the year under review. However, the Management did not provide an asset register to support the assets valued at Kshs.25,735,878,765. This is a contravention of provisions of Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

3. Non-Payment of Pending Bills

Annex 4 to the financial statements reflect a balance of Kshs.3,826,896,490 in respect to pending bills that were not settled in the financial year 2023/2024 but were instead carried forward to the financial year 2024/2025. The pending bills amount comprised of balances of Kshs.107,642,149, Kshs.3,201,078,059 and Kshs.518,176,282 in respect of consultancy services, civil works and outstanding land compensation respectively, where some invoices date back to the year 2013. Management explained that the pending bills were not settled due to inadequate budgetary provision by the Government and late release of exchequer funds during the year under review and therefore did not form a first charge in the year.

This is contrary to the provision of Section 42(1) of the Public Finance Management (National Government) Regulations, 2015 which states that debt service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations.

4. Delay in Completion of Installation of Weighbridge Equipment at Rongo Station

The statement of receipt and payment reflect an expenditure of Kshs.2,992,440,401 in respect of acquisition of non-financial assets. The amount which includes a balance of Kshs.344,650,712 in respect to research studies, project preparation, design and supervision as disclosed in Note 5 to the financial statements. The balance of Kshs.344,650,712 further includes an amount of Kshs.65,995,181 in respect to a contract for design, supply and installation of weighbridge equipment at Rongo station. The contract was signed on 09 May, 2021 for a period of twelve (12) months ending on 08 March, 2022.

However, physical verification done in October, 2024 revealed that the contractor was still on site and the works were ongoing despite the lapse of contract period. Management explained that African Development Bank granted an extension of the project duration to

30 June, 2025 and that the delay in completion of the project was caused by inadequate budget provision by the Government.

In the circumstances, the regularity and value for money realized from the expenditure on the Project could not be confirmed.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by African Development Bank (AfDB), I report based on my audit that 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:

- i. In my opinion, adequate accounting records have been kept by the project, so far as appears from examination of those records; and
- ii. The project's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the 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/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

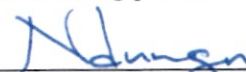
14 November, 2024

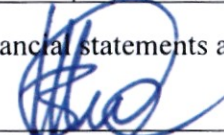
**Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation
Annual Report and Financial Statements for the financial year ended June 30, 2024**


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

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments Made by Third Parties	Total	Cumulative to-date(from inception)
		2023-2024			2022-2023			
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts								
Transfer from Government entities	1	168,765,282	-	168,765,282	706,218,677	-	706,218,677	4,108,829,380
Proceeds from domestic and foreign grants	2	-	226,826,878	226,826,878	-	198,363,692	198,363,692	905,124,576
Loans from External Development Partners	3	-	2,518,850,312	2,518,850,312	-	1,838,590,898	1,838,590,898	20,859,352,838
Total Receipts		168,765,282	2,745,677,190	2,914,442,472	706,218,677	2,036,954,590	2,743,173,267	25,873,306,794
Payments								
Purchase of goods and services	4	13,387,957	-	13,387,957	33,043,650	-	33,043,650	134,004,389
Acquisition of non-financial assets	5	176,763,211	2,745,677,190	2,922,440,401	676,137,251	2,036,954,590	2,713,091,841	25,735,878,765
Miscellaneous Payments	6	1,200	-	1,200	5,420	-	5,420	6,620
Total Payments		190,152,368	2,745,677,190	2,935,829,558	709,186,321	2,036,954,590	2,746,140,911	25,869,889,774
Surplus/(Deficit)		(21,387,086)	-	(21,387,086)	(2,967,644)	-	(2,967,644)	3,417,020

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

Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation
Annual Report and Financial Statements for the financial year ended June 30, 2024


8. Statement of Financial Assets and Liabilities as at 30th June 2024

Description	Note	2023-2024 Kshs	2022-2023 Kshs
Financial Assets			
Cash and Cash equivalents	7	8,194,127	72,751,307
Total Financial Assets (A)		8,194,127	72,751,307
Accounts Receivables		-	-
Total Financial Assets		8,194,127	72,751,307
Financial Liabilities			
Third party Deposits and Retention	8	4,777,107	47,947,201
Total Financial Liabilities (B)		4,777,107	47,947,201
Net Financial Assets (A-B)		3,417,020	24,804,106
Represented By			
Fund balance b/fwd.	9	24,804,106	27,771,750
Prior year adjustments		-	-
Surplus/(Deficit) for the year		(21,387,086)	(2,967,644)
Net Financial Assets		3,417,020	24,804,106

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

*Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1)
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9. Statement of Cash flows for the year ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from Government entities	1	168,765,282	706,218,677
Proceeds from domestic and foreign grants	2	226,826,878	198,363,692
Total Receipts		395,592,160	904,582,369
Payments			
Purchase of goods and services	4	(13,387,957)	(33,043,650)
Miscellaneous payments	6	(1,200)	(5,420)
Total Payments		(13,389,157)	(33,049,070)
Net receipts/(payments)		382,203,003	871,533,299
Adjustments during the year			
Increase/(decrease) in accounts payable	10	(43,170,094)	566,316
Net cash flow from operating activities		339,032,909	872,099,615
Cashflow from investing activities			
Acquisition of non-financial assets	5	(2,922,440,401)	(2,713,091,841)
Net cash flows from investing activities		(2,922,440,401)	(2,713,091,841)
Cashflow from financing activities			
Loan from external development partners	3	2,518,850,312	1,838,590,898
Net cash flow from financing activities		2,518,850,312	1,838,590,898
Net increase in cash and cash equivalents		(64,557,180)	(2,401,328)
Cash and cash equivalent at beginning of the year	7	72,751,307	75,152,635
Cash and cash equivalent at end of the year	7	8,194,127	72,751,307

***Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1)
Road Rehabilitation
Annual Report and Financial Statements for the financial year ended June 30, 2024***

10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	335,400,276	(142,234,718)	193,165,558	168,765,282	24,400,276	87%
Proceeds from Loans-Direct Payments	2,600,000,000	(50,000,000)	2,550,000,000	2,518,850,312	31,149,688	99%
Proceeds from Grants AIA	600,000,000	(350,000,000)	250,000,000	226,826,878	23,173,122	91%
Proceeds from Grants-Revenue	-	-	-	-	-	-
Total Receipts	3,535,400,276	(542,234,718)	2,993,165,558	2,914,442,472	78,723,086	97%
Payments						
Purchase of goods and services				13,387,957		
Miscellaneous Payments	3,535,400,276	(542,234,718)	2,993,165,558	1,200	57,336,000	98%
Acquisition of non-financial assets				2,922,440,401		
Total Payments	3,535,400,276	(542,234,718)	2,993,165,558	2,935,829,558	57,336,000	98%
Surplus/Deficit	-	-	-	(21,387,086)	21,387,086	-

Note: The significant budget utilization/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 Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation under Kenya National Highways Authority as required by Section 81 of the PFM Act, 2012.

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation recognizes all receipts from various sources when an event occurs, and the related cash is received.

i) Transfers from the Exchequer

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

Significant Accounting Policies (continued)

ii) External Assistance

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

iii) Other receipts

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

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 payment advice is received by the recipient entity or by the beneficiary. In the case of a grant/donation in kind, such grants are recorded upon receipt of the grant item and its value determined. The transaction date 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 the reporting date specified in a binding agreement and relate to funding for the Project currently under development, where conditions have been satisfied, or their ongoing satisfaction is highly likely, and the project is anticipated to continue to completion. The funding summary analyzes the Project's undrawn external assistance.

e) Recognition of payments

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

Significant Accounting Policies (continued)

i) Compensation to employees

Salaries, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments when the goods/services are consumed and paid for. If not paid for when 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 incur and paid for.

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

The payment on the 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. 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 a receipt and as a payment. A fixed asset register is maintained by each public entity, and a summary is provided for consolidation purposes. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations 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

Significant Accounting Policies (continued)

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 is 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
- b) A present obligation that arises from past events but is not recognised because:

Significant Accounting Policies (continued)

- 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.

k) Contingent Assets

Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation 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 Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation 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 are recorded as 'memorandum' or 'off-balance.' 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.

Significant Accounting Policies (continued)

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. 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 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 recognized in the statements of receipts and payments.

p) Comparative figures

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

Significant Accounting Policies (continued)

q) Subsequent events

There have been no events subsequent to the financial year/period 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). There were no prior year adjustments on the financial statements for the year ended June 30, 2024

*Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1)
Road Rehabilitation
Annual Report and Financial Statements for the financial year ended June 30, 2024*

12. Notes to the Financial Statements

1. Transfers from Government Entities

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

Description	2023-2024	2022-2023	Cumulative
	Kshs	Kshs	to-date
Counterpart funding through Ministry of Roads and Transport			
Counterpart funds Quarter 1	-	25,000,000	429,604,836
Counterpart funds Quarter 2	-	-	720,682,020
Counterpart funds Quarter 3	123,765,282	-	931,502,698
Counterpart funds Quarter 4	-	134,002,954	1,434,824,103
Total (See Annex 3)	123,765,282	159,002,954	3,516,613,657
<i>Other transfers from government entities</i>			
Road Maintenance Levy Fund	45,000,000	285,000,000	330,000,000
Annuity Fund	-	252,005,735	252,005,735
Total	45,000,000	537,005,735	582,005,735
Appropriations-in-Aid	-	10,209,988	10,209,988
Total	168,765,282	706,218,677	4,108,829,380

2. Proceeds from Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from donor(s) as detailed in the table below;

Name of Donor	Date received	2023-2024				2022-2023		Cumulative to date
		Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total amount in Kshs	Total amount in Kshs	
		USD	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Grants Received from Multilateral Donors								
AITF	<i>See Annex 6</i>	2,074,257	-	226,826,878	-	226,826,878	198,363,692	905,124,576
Total		2,074,257	-	226,826,878	-	226,826,878	198,363,692	905,124,576

**Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1)
Road Rehabilitation
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Notes to the Financial Statements (Continued)

3. Loan from External Development Partner

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description	2023-2024					2022-2023	Cumulative to date
	Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment	Total amount in Kshs	
		USD	Kshs	Kshs	Kshs	Kshs	Kshs
Loans Received from Multilateral Donors							
AfDB	<i>See Annex 7</i>	24,981,011	-	2,518,850,312	2,518,850,312	1,838,590,898	20,859,352,838
Total		24,981,011	-	2,518,850,312	2,518,850,312	1,838,590,898	20,859,352,838

4. Purchase of Goods and Services

Description	2023-2024			2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Domestic Travel & Subsistence	6,172,182	-	6,172,182	5,681,150	80,722,529
Hospitality Supplies	-	-	-	-	2,106,217
Printing, Adverts & Information Supplies	2,316,252	-	2,316,252	-	15,784,908
Utility Supplies & Services	-	-	-	-	3,128,712
Training of Women, Youth, PWD	-	-	-	27,362,500	27,362,500
Communication, supplies and services	4,899,523	-	4,899,523	-	4,899,523
Total	13,387,957	-	13,387,957	33,043,650	134,004,389

*Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1)
Road Rehabilitation
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Notes to the Financial Statements (Continued)

5. Acquisition of Non-Financial Assets

Description	2023-2024			2022-2023	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	5,154,168	339,496,544	344,650,712	227,019,880	2,407,192,099
Construction of Roads	156,609,043	2,190,891,951	2,347,500,994	2,309,994,285	22,718,245,117
Acquisition of land	15,000,000	-	15,000,000	4,500,000	76,476,393
Purchase of equipment and machinery	-	215,288,695	215,288,695	171,577,676	533,965,156
Total	176,763,211	2,745,677,190	2,922,440,401	2,713,091,841	25,735,878,765

6. Miscellaneous Payments

Description	2023-2024			2022-2023	Cumulative to-date
	Payments Made by the Entity in Cash	Payments Made by Third Parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Bank Charges	1,200	-	1,200	5,420	6,620
Total	1,200	-	1,200	5,420	6,620

7. Cash and Cash Equivalents Carried Forward

	2024-2024	2022-2023
	Kshs	Kshs
Bank accounts (Note 7A)	8,194,127	72,751,307
Total	8,194,127	72,751,307

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Notes to the Financial Statements (Continued)

7A Bank Accounts

Project Bank Accounts

Description	2023-2024	2022-2023
	Kshs	Kshs
Local Currency Accounts		
National Bank of Kenya Ltd SCARSIP [A/c No. 01001133511500]	402,630	403,830
National Bank of Kenya Ltd Retention [A/c No. 0100132733200]	4,777,107	47,947,201
Co-operative Bank of Kenya Exchequer [A/c No. 01141160979900]	3,014,390	24,400,276
Total bank account balances	8,194,127	72,751,307

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2024 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Account Movement Schedule

	2023-2024	2022-2023
	Kshs	Kshs
Sirari Corridor Accessibility and Road Safety Improvement Project (SCARSIP)		
Opening balance	-	-
Total amount deposited in the account	27,362,478	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	27,362,478	-

*SDA Closing balance in Euros – 214,969.78
Exchange rate – Kshs 127.2853/Euro*

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Notes to the Financial Statements (Continued)

8. Third – Party Deposits and Retention

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Retentions	4,777,107		47,947,201	
Total	4,777,107		47,947,201	
Ageing analysis:	FY 2022/23	% of the Total	FY 2021/22	% of the total
Under one year	-	0%	5,737,561	12%
1-2 years	-	0%	-	0%
2-3 years	4,777,107	100%	38,369,694	80%
Over 3 years	-	0%	3,839,946	8%
Total	4,777,107	100%	47,947,201	100%

9. Fund Balance Brought Forward

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts	8,194,127	72,751,307
Retention	(4,777,107)	(47,947,201)
Total	3,417,020	24,804,106

10. Changes in Accounts Payable – Retentions Controlled by The Entity

Description	2023-2024	2022-2023
	Kshs	Kshs
Retentions as at 1 st July	47,947,201	47,380,885
Closing Retention as at 30 th June	4,777,107	47,947,201
Change in Retention	(43,170,094)	566,316

Other Important Disclosures

11. Pending Accounts Payable (See Annex 4)

Description	Balance b/f 2022-2023	Additions for the year	Paid during the year	Balance c/f 2023-2024
	Kshs	Kshs	Kshs	Kshs
Construction of civil works	2,771,768,550	2,776,810,502	2,347,500,994	3,201,078,059
Land Compensation	533,176,282	-	15,000,000	518,176,282
Supply of services	36,410,134	429,270,684	358,038,669	107,642,149
Purchase of equipment and machinery	-	215,288,695	215,288,695	-
Total	3,341,354,966	3,421,369,881	2,935,828,358	3,826,896,490

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12. Accounts Payables – Retentions

Description	2023-2024	2022-2023
	Kshs	Kshs
Retentions controlled by third parties	312,650,328	491,291,730
Total	312,650,328	491,291,730

13. Changes in Accounts Payable – Retentions Controlled by Third Parties

Description	2023-2024	2022-2023 (Restated)
	Kshs	Kshs
Retentions as at 1 st July	491,291,730	427,155,874
Closing Retention as at 30 th June	312,650,328	491,291,730
Change in Retention	(178,641,402)	64,135,856

14. External Assistance

a) External assistance relating to loans and grants

Description	2023-2024	2022-2023
	Kshs	Kshs
External assistance received as loans	2,518,850,312	1,838,590,898
External assistance received as grants	226,826,878	198,363,692
Total	2,745,677,190	2,036,954,590

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	2023-2024	2022-2023
		Kshs	Kshs
Undrawn external assistance - loans	Civil works & consultancy services	2,077,447,162	4,596,297,474
Undrawn external assistance - grants	Consultancy services, Goods & Services	221,595,424	448,422,302
Total		2,299,042,586	5,044,719,776

c) Classes of providers of external assistance

Description	2023-2024	2022-2023
	Kshs	Kshs
Multilateral donors	2,745,677,190	2,036,954,590
Total	2,745,677,190	2,036,954,590

External assistance for road rehabilitation works, studies, design & supervision consultancy services.

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d) Purpose and use of external assistance

	2023-2024	2022-2023
Description	Kshs	Kshs
Acquisition of Assets	2,745,677,190	2,036,954,590
Total	2,745,677,190	2,036,954,590

e) External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

	2023-2024	2022-2023
Description	Kshs	Kshs
Multilateral donors	2,518,850,312	1,838,590,898
Total	2,518,850,312	1,838,590,898

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13. Annexes

Annex 1: Prior Year Auditor-General’s Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
1	<p><u>Basis for Qualified Opinion</u></p> <p>Unsupported & Irregular Land Compensations</p> <p>The statement of receipts and payments reflects acquisition of non-financial assets of Kshs 2,713,091,841 which includes an amount totalling to Kshs 4,500,000 that was paid to Persons Affected by the Project (PAPs) in Darajambili – Nyamataro -Kisii Twn-Suneka section of the road through the National Land Commission as disclosed in Note 5 to the financial statements. However, the list of the PAPs that were compensated by the amount and an acknowledgement on the receipts of the compensation were not provided for audit. Further, acknowledgement letters from the National Land Commission on the receipt of the amount disbursed were also not provided for audit. In addition, the parcels of lands valued by National Land Commission were on KeNHA’s land reserve, and by so, the occupants were encroachers and were hence not entitled to any</p>	<p>We agree with the Auditor’s observation that the Authority paid Kshs 4,500,000 to National Lands Commission (NLC) for compensation of PAPs under Sirari Corridor Accessibility and Road Safety Improvement Project (SCARSIP). We wish to clarify that this was a partial payment for the Kshs 148,740,070 as per the NLC letter which was provided as correctly observed. NLC would thereafter pay Project Affected Persons (PAPs) as per a priority list usually determined by the project team based on the location of works which require urgent attention.</p> <p>As at the time of the audit, the project team had not identified areas which</p>	Resolved	Resolved

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	<p>compensation as per KeNHA’s Environment and Social Safeguards Policy 2019 Section 3.6.2 In the circumstances, the accuracy and regularity of payment of Kshs 4,500,000 on compensation for land could not be confirmed.</p>	<p>required immediate intervention to enable payment of the PAPs. This explains why the consultant’s status report as at 30th June 2023 revealed that no PAP had been compensated in the financial year under review.</p> <p>We further wish to clarify that the payments to NLC were transferred electronically by the Authority to the National Land Commission. An RTGS advice to confirm that the payment was made to NLC was provided to the Audit team for verification.</p> <p>Further, to avoid any complaints on non-compensation being escalated to the Development Partner which would instantly go against guidelines ESS5 and ESS7 on Loan conditions necessary for safeguarding of PAPs, the approval for compensation was made to ensure the project did not contravene any of the Development Partner’s Guidelines, or infringe on human rights of displacement devoid of compensation as per the Land Act 2012. The compensation paid to PAPs on the road reserves was not for land but for the improvements and lost businesses.</p>		
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		We further wish clarify that NLC does not issue the Authority with land searches but provide land compensation schedule which was provided to the Auditors during the physical verification process.		
2	<p>Unsupported Reimbursement of VAT to the Contractors</p> <p>The statement of Receipts and Payments and Note 5 to the financial statements reflects Kshs 2,713,091,841 in respect to Acquisition of Non-Financial Assets which includes Kshs 227,019,880 in respect to Research, studies, project preparation, design & supervision as disclosed in Note 5 to the financial statements. Included further in the balance of Kshs 227,019,880 is the payment totalling to Kshs 29,086,169 for refund of VAT paid by the contractors. However, the corresponding payments made by the contractors in which the VAT refund arose were not presented for review. In the circumstances, the accuracy and regularity of payment of Kshs 29,086,169 in respect to VAT refund could not be confirmed.</p>	<p>We agree with the Auditor's observation that included in the Statement of Receipts and payment is an amount of Kshs 227,019,880 in respect to research, studies, project preparation, design & supervision. We further agree that included in this amount are VAT payments to the consultants for the project M/s Egis International and M/s Abdul Mullick Associates Ltd of Kshs 24,757,868 and Kshs 4,328,301 respectively.</p> <p>We wish to clarify that the contracts for works supervision consultants are inclusive of VAT. VAT paid to the consultants are therefore not reimbursements but are part of the consultants' monthly invoices payable by GoK.</p>	Resolved	Resolved

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		<p>We further wish to clarify that the Authority is an appointed agent for Withholding VAT under Section 25A of VAT Act 2013 read together with Section 42A of the Tax Procedures Act 2015(TPA). However, guidelines for the appointed VAT withholding agents issued by KRA exempts the Authority from withholding VAT for payments for taxable supplies to official aid funded projects. Sirari Corridor Accessibility & Road Safety Improvement Project (SCARSIP) is an official-aid funded Project hence qualifies for treatment of VAT as prescribed in the KRA guidelines. The Authority is therefore justified to fully pay the VAT amounts due on the works supervision consultants without withholding two per cent of the taxable value of their invoices.</p>		
3	<p>Unsupported Payments for Training of Women, Youth and Persons with Disability (PWD) Contractors</p> <p>Note 1(Other Important Disclosures) reflects pending accounts payable balance of Kshs 3,341,354,966 which includes an amount of Kshs</p>	<p>We disagree with the observation that the Authority has made a payment of Kshs 27,362,500 in respect to an</p>	Resolved	Resolved

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	<p>27,362,500 in respect of payment to a consultant for capacity building and management of roads maintenance contract for youth women and persons with disability (PWD). However, the payment was not supported with daily attendance sheets, training programme and training report from the training consultants.</p> <p>In the circumstances, the accuracy and regularity of payment of Kshs 27,362,500 could not be confirmed.</p>	<p>invoice for a training programme for training of Women, Youth and Persons with Disability (PWD) contractors. As correctly observed this represent a pending accounts payable which was yet to be paid as at the close of the FY 2022/23.</p> <p>This invoice has not been paid to date as the Authority is yet to receive the Development Partner funds intended to settle this component of the financing agreement.</p> <p>The Authority shall ensure the invoice is duly supported with the documents as observed by the Auditor before making the payment on the invoice.</p>		
1	<p><u>Other Matter</u></p> <p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling to Kshs.2,990,218,677 and Kshs.2,743,173,267 respectively, resulting to an overfunding amounting to Kshs.247,045,410 or 8% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.2,990,218,677 and Kshs.2,746,140,911 respectively, resulting to an</p>	<p>We agree with the Auditor’s observation that the statement of comparison of budget and actual amounts reflects a final receipts budget and actual on comparable basis of Kshs 2,990,218,677 and Kshs 2,743,218,677 respectively. We wish to clarify that the actual receipts of Kshs 2,743,218,677 is less than the final budget of Kshs</p>	Resolved	Resolved

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	<p>underperformance amounting to Kshs.244,077,766 or 8% of the budget. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public</p>	<p>2,990,218,677 hence does not constitute overfunding of Kshs 247,045,410 as observed.</p> <p>We further wish to clarify that the Authority was unable to receive the revenue funds from the Development Partner as planned due to the long admission process for training of Women, Youth and Persons with Disability (PWD) contractors' component of the grant and therefore was not able to utilize Kshs 50,000,000 allocated for the programme. Similarly, the Authority was only able to realize Kshs 198,363,692 out of the allocated final budget of Kshs 400,000,000 meant to pay the suppliers for the weighbridge equipment and the medical appliances to the Nyabondo Trauma Centre. This subsequently led to low absorption of the allocated budget for the project in FY 2022/23.</p>		
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**Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation
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2	<p>Unresolved Prior Year Matters.</p> <p>In the audit report of the previous year, several issues were raised. However, Management has not indicated how each of the issues raised in the previous year Auditor-General's report was resolved.</p> <p>In the circumstances, the issues remain outstanding.</p>	<p>We have noted the Auditors observation on unresolved prior year matters.</p> <p>The Authority is working closely with the Parent Ministry and the Office of the Auditor General with an aim of resolving all prior year audit matters.</p>	Resolved	Resolved
1	<p><u>Basis for Conclusion</u></p> <p>Delay in Completion of Installation of Weighbridge Equipment at Rongo Station</p> <p>The statement of receipts and payments reflects Kshs.2,713,091,841 in respect to research studies, project preparation, design and supervision as disclosed in Note 5 to the financial statements. The balance of Kshs 227,019,880 further includes an amount of Kshs 65,995,181 in respect to a contract for design, supply and installation of weighbridge equipment at Rongo station. The contract was signed on 9th March, 2021 for a period of 12 months ending on March 2022. However, physical verification done on 6 November, 2023 revealed that the contractor was still on site and the works were ongoing despite</p>	<p>We agree with the Auditor's observation that the commencement for the design, supply and installation of weighbridge equipment at Rongo Station was 9th March 2021 for a period of 12 months.</p> <p>We wish to clarify that the contract is a lump-sum contract which involves payment upon successful completion of a deliverable. The supplier had shipped plant and mandatory spare parts supplied from abroad as per schedule 1 of the contract hence qualified for the</p>	Resolved	Resolved

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	<p>the lapse of contract period and no extension had been sought by the Authority. In the circumstances, the regularity and value for money to be realized from the expenditure on the Project could not be confirmed.</p>	<p>payment made in the course of FY 2022/23</p>		
2	<p>Non-Payment of Pending Bills</p> <p>Annex 4 to the financial statements reflects a balance of Kshs.3,341,354,966 in respect to pending bills that were not settled in the financial year 2022/2023 but were instead carried forward to the financial year 2023/2024. The Management had not explained why the pending bills did not form a first charge in the subsequent financial year.</p> <p>This is contrary to the provisions of Regulation 42(1) (a) of the Public Finance Management (National Government) Regulations, 2015, which states that debt service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations.</p> <p>In the circumstances, the Management was in breach of the law</p>	<p>We agree with the Auditor’s observation that the project has accumulated pending bills totalling Kshs. 3,341,352,966.</p> <p>We wish to clarify that pending bills and interest on late payments arise due to inadequate GoK budget provisions coupled with late release of Exchequer funds to enable prompt payment of consultants and contractors GoK portion of the Fee Notes (FNs) and Interim Payment Certificates (IPCs).</p> <p>However, the Authority will continue working with the Parent Ministry and The National Treasury with an aim of allocating adequate GoK budget and prompt release of Exchequer funds for the project subject to approved budget ceilings.</p>	Resolved	Resolved

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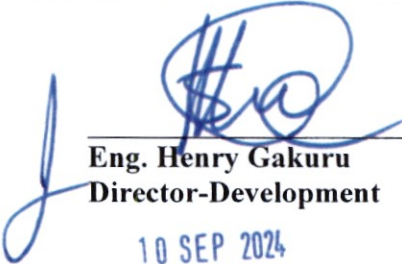
3	<p>Failure to Prepare a Fixed Asset Register</p> <p>Annex 5 and not annex 4 as disclosed in the financial statements reflects a summary of fixed assets register with a closing cost of Kshs.22,813,438,364. However, the Management did not provide assets register to support the balance. This is a contravention of the provisions of Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which state that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.</p> <p>In the circumstances, existence of effective internal controls on management of assets could not be confirmed.</p>	<p>We agree with the Auditor’s observation that the Authority provided a Summary of Fixed Asset Register with a closing cost of Kshs 22,813,438,364 as reflected in Annex 4 to the financial statements. The fixed assets of the project include land, the road and machinery and equipment with a combined valuation of Kshs 22,813,438,364 as correctly observed. A detailed list of these fixed assets as at 30th June 2023 was provided to the Audit team for further verification.</p>	Resolved	Resolved
2	<p>Irregular Charge of Interest on Delayed Payments</p> <p>Annex 4 to the financial statements reflects pending bills for civil works totalling to Kshs 2,771,768,550. Review of interim payment certificates relating to the pending bills revealed that two construction companies charged interest on delayed payments of Kshs 331,130,552.52 and Kshs 325,896,185 respectively all totalling to Kshs 657,026,738. This was a cost which could have been avoided had Management made the</p>	<p>We agree with the Auditor’s observation that Annex 4 to the financial statements reflects pending bills for civil works totalling Kshs 2,771,768,550 out of which interest on delayed payments totals Kshs 657,026,738.</p> <p>We wish to clarify that interest on delayed payment is a contractual</p>	Resolved	Resolved

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	<p>payments as and when they were due considering that the Project had adequate funding at the time. In the circumstances, the delay in payment of certified works has made the Project costs to continue escalating with interest payments that are an irregular charge to public funds.</p>	<p>obligation and arise due to inadequate GoK budgetary provisions and late release of Exchequer funds to enable prompt payment to the contractors and the consultants whenever IPCs and FNs fall due. However, the Authority continues to work closely with the Parent Ministry and the National Treasury with an aim of securing adequate GoK budgetary provisions and prompt release of Exchequer funds to enable timely payment of contractors IPCs when they fall due.</p>		
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Eng. Kungu Ndungu, MBS
Director General
 10 SEP 2024

Date


Eng. Henry Gakuru
Director-Development
 10 SEP 2024

Date

Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation
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Annex 2: Variance Explanations - Comparative Budget and Actual Amounts for FY 2023-2024

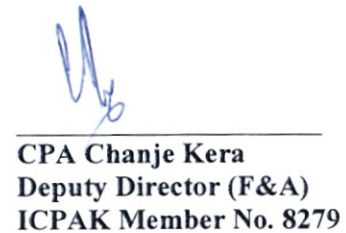
	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	193,165,558	168,765,282	24,400,276	87%	Final budget inclusive of FY 2022/23 RMLF budget funding development projects received in FY 2023/24
Proceeds from domestic and foreign grants	250,000,000	226,826,878	23,173,122	91%	
Proceeds from borrowings	2,550,000,000	2,518,850,312	31,149,688	99%	
Total Receipts	2,993,165,558	2,914,442,472	78,723,086	97%	
Payments					
Purchase of goods and services		13,387,957			
Miscellaneous payments	2,993,165,558	1,200	57,336,000	98%	
Acquisition of non-financial assets		2,922,440,401			
Total Payments	2,993,165,558	2,935,829,558	57,336,000	98%	

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Annex 3 Reconciliation of Inter-Entity Transfers

Project Name:		Sirari Corridor Accessibility & Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation		
Break down of Transfers from the State Department of Roads				
A. Government Counterpart Funding				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
		13-Mar-24	108,678,972	2023-2024
		13-Mar-24	15,086,310	2023-2024
		Total	123,765,282	
B. Direct Payments				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
			-	
			-	
		Total	-	
C. Others				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
			-	
	Road Maintenance Levy Fund	11-Jul-23	45,000,000	2022-2023
		Total	45,000,000	
		Total (A+B+C)	168,765,282	


Eng. Henry Gakuru
Director-Development


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

**Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero
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Annex 4: Analysis of Pending Bills

Supplier of Goods/Services	Date Invoiced	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2023-2024	2022-2023	
		a	b	c=a-b		
Sub-Total						
Consultancy Services						
Egis Kenya	26.02.2024	90,031,705	77,613,539	12,418,166	-	FN 71-82
Egis Kenya	15.05.2024	2,708,319	-	2,708,319	-	FN 83
Egis Kenya	15.05.2024	3,028,353	-	3,028,353	-	FN 85
Egis Kenya	01.09.2021	3,273,886	-	3,273,886	-	FN 86
Abdul Mullick Associates	08.02.2024	24,144,493	20,814,219	3,330,274	-	FN 44
Abdul Mullick Associates	08.02.2024	18,293,517	15,770,275	2,523,242	-	FN 45
Abdul Mullick Associates	29.02.2024	16,002,210	13,794,458	2,207,752	-	FN 46
Abdul Mullick Associates	29.02.2024	8,690,712	7,505,788	1,184,924	-	FN 47
Abdul Mullick Associates	06.05.2024	18,859,067	-	18,859,067	-	FN 49
Abdul Mullick Associates	06.05.2024	14,382,852	-	14,382,852	-	FN 50
Abdul Mullick Associates	06.05.2024	9,015,197	-	9,015,197	-	FN 51
TRL Limited	03.07.2023	898,598	-	898,598	-	Inv TRL-6171-05
TRL Limited	24.03.2024	325,492	-	325,492	-	Inv 11619753
AEA Ltd	28.03.2023	163,359,169	141,965,626	21,393,543	21,393,543	INV 20678
AEA Ltd	03.05.2024	20,626,134	17,781,150	2,844,984	-	INV 3
KIHBT	24.04.2023	4,218,750	-	4,218,750	4,218,750	Inv 6
KIHBT	24.04.2023	5,028,750	-	5,028,750	5,028,750	Inv 7
Timcon Associates	10.05.2023	5,769,091	5,769,091	-	5,769,091	FN 8
Sub-total		408,656,295	301,014,146	107,642,149	36,410,134	
Civil Works						
The Third Engineering	16.02.2019	47,713,508	-	47,713,508	47,713,508	IPC 12
The Third Engineering	02.02.2021	198,802,256	96,930,176	101,872,080	101,872,080	IPC 35
The Third Engineering	26.05.2021	262,426,815	262,426,815	-	55,718,073	IPC 39
The Third Engineering	01.06.2021	241,177,898	215,493,957	25,683,941	55,512,499	IPC 40
The Third Engineering	11.06.2021	206,621,303	159,062,779	47,558,524	47,558,524	IPC 43
The Third Engineering	15.11.2021	228,560,586	175,952,244	52,608,342	52,608,342	IPC 44
The Third Engineering	05.05.2022	66,478,652	52,896,377	13,582,275	13,582,275	IPC 47

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				2023-2024	2022-2023	
The Third Engineering	01.06.2022	79,380,825	-	79,380,825	79,380,825	IPC 48
The Third Engineering	01.03.2023	87,653,959	85,878,711.00	1,775,248	20,175,524	IPC 49
The Third Engineering	20.06.2023	564,920,029	434,891,022.45	130,029,007	564,920,029	IPC 50
The Third Engineering	19.09.2023	401,356,031	308,974,944.49	92,381,087	-	IPC 51
The Third Engineering	23.11.2023	533,516,699	410,715,873.00	122,800,826	-	IPC 52
The Third Engineering	12.01.2024	277,288,459	101,332,756.00	175,955,703	-	IPC 53
The Third Engineering	24.04.2024	127,408,868	98,082,861.39	29,326,007	-	IPC 54
China Henan	30.07.2018	110,468,212	107,863,479	2,604,733	2,604,733	IPC 4
China Henan	29.10.2018	178,880,285	135,244,990	43,635,295	43,635,295	IPC 6
China Henan	14.11.2018	205,111,062	202,033,817	3,077,245	3,077,245	IPC 7
China Henan	21.01.2019	310,132,252	305,710,455	4,421,797	4,421,797	IPC 8
China Henan	01.04.2019	165,427,507	154,781,058	10,646,449	10,646,449	IPC 9
China Henan	30.06.2019	393,371,899	388,610,007	4,761,892	4,761,892	IPC 10
China Henan	30.06.2019	280,522,418	272,070,991	8,451,427	8,451,427	IPC 11
China Henan	30.06.2019	116,762,782	111,364,562	5,398,220	5,398,220	IPC 12
China Henan	15.10.2019	177,798,040	158,021,521	19,776,519	19,776,519	IPC 13
China Henan	19.01.2020	268,750,996	232,211,176	36,539,820	36,539,820	IPC 15
China Henan	12.10.2020	354,849,016	324,861,191	29,987,825	29,987,825	IPC 21
China Henan	24.11.2020	322,091,720	322,091,720	-	38,403,309	IPC 22
China Henan	11.01.2021	370,591,501	316,148,874	54,442,627	68,701,455	IPC 23
China Henan	20.04.2021	387,528,003	310,243,928	77,284,075	77,284,075	IPC 24
China Henan	01.06.2021	386,642,775	309,535,238	77,107,537	77,107,537	IPC 25
China Henan	26.07.2021	168,839,347	121,592,739	47,246,608	47,246,608	IPC 26
China Henan	08.09.2021	321,053,215	239,888,147	81,165,068	81,165,068	IPC 27
China Henan	08.09.2021	221,062,673	159,202,321	61,860,352	61,860,352	IPC 28
China Henan	21.12.2021	242,684,279	174,773,515	67,910,764	67,910,764	IPC 29
China Henan	27.01.2022	163,735,230	117,916,916	45,818,314	45,818,314	IPC 30
China Henan	06.04.2022	68,080,610	-	68,080,610	68,080,610	IPC 31i
China Henan	28.03.2022	288,662,104	207,885,285	80,776,819	80,776,819	IPC 32
China Henan	08.04.2022	166,541,699	123,816,094	42,725,605	42,725,605	IPC 33
China Henan	19.08.2022	163,661,563	110,719,527	52,942,036	52,942,036	IPC 35
China Henan	08.04.2022	144,388,657	103,027,981	41,360,676	41,360,676	IPC 36
China Henan	12.10.2022	152,717,902	117,566,454	35,151,448	35,151,448	IPC 37
China Henan	12.10.2022	281,755,347	216,903,039	64,852,308	64,852,308	IPC 38
China Henan	02.05.2023	228,050,305	175,559,416	52,490,889	52,490,889	IPC 39
China Henan	01.03.2013	279,484,001	215,154,494	64,329,507	64,329,507	IPC 41
China Henan	22.03.2023	63,759,751	-	63,759,751	63,759,751	IPC 42i
China Henan	02.06.2023	478,304,546	368,212,034	110,092,512	110,092,512	IPC 43
China Henan	11.05.2023	133,239,997	102,571,825	30,668,172	30,668,172	IPC 44
China Henan	27.06.2023	272,629,993	209,878,089	62,751,904	272,629,993	IPC 45
China Henan	27.05.2024	582,435,615	448,375,004	134,060,611	-	IPC 46
China Henan	27.05.2024	484,771,446	-	484,771,446	-	IPC 48
China Henan	27.05.2024	191,391,985	-	191,391,985	-	IPC 49
KPLC	12.02.2021	18,067,841	-	18,067,841	18,067,841	INV 20678

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Supplier of Goods/Services	Date Invoiced	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2023-2024	2022-2023	
Sub-total		12,467,552,462	9,266,474,403	3,201,078,059	2,771,768,550	
Land Compensation		594,652,675	76,476,393	518,176,282	533,176,282	
Grand-Total		13,470,861,432	9,643,964,942	3,826,896,490	3,341,354,966	

Annex 5 – Summary of Fixed Asset Register

Asset class	Opening Cost	Donations in form of Assets	Purchases/Additions in the Year	Disposals in the Year	Transfers in/(out)	Closing Cost
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	(a)	(b)	(c)	(d)	(e)	(f)= (a)+ (b)+(c)-(d)+(-e)
Land	61,476,393	-	15,000,000	-	-	76,476,393
Construction of Roads	22,433,285,510	-	2,692,151,706	-	-	25,125,437,216
Machinery and Equipment	318,676,461	-	215,288,695	-	-	533,965,156
Total	22,813,438,364	-	2,922,440,401	-	-	25,735,878,765

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Annex 6 – Analysis of Proceeds from Foreign and Domestic Grants

No	Date	Payee	Currency of Payment	Payment Reference	Amounts in respective currency of IPC/fee note	Equivalent amount in reporting currency	Equivalent amount in Donor Currency	Description
					Euro	Kshs	USD	
1	17/08/2023	Tramex Mediquip	EURO	PV83442 WA045	521,557	59,301,070	542,289	(Therapeutic Medical Equip) Inv 006550/05/2023
2	17/08/2023	Timcon Associates & Timcon Transport Consulting Ltd	EURO	PV83607 WA046	45,561	5,769,091	52,756	(Crash Database System) 09
3	03/01/2024	Meditec Systems Ltd.	EURO	PV83781 WA047	853,812	115,163,703	1,053,134	Medical Equipment I 04-2023
4	22/05/2024	Timcon Associates & Timcon Transport Consulting Ltd	EURO	PV89920 WA48	45,561.38	5,769,091	52,756	(Crash Database System) 09
5	04/06/2024	AEA Limited	EURO	PV90535 WA049	140,978.54	18,003,622	164,637	Rongo Weighbridge 03
6	04/06/2024	AEA Limited	EURO	PV90536 WA050	178,695.85	22,820,300	208,684	Rongo Weighbridge 03
		Total			1,786,167	226,826,878	2,074,257	

Annex 7 – Analysis of Loans from External Development Partners

Date	Payee	Currency of Payment	Payment Reference	Amounts in respective currency of IPC/fee note				Equivalent amount in reporting currency	Equivalent amount in Donor Currency	Description
				Euro	USD	GBP	Kshs	Kshs	USD	
03/07/2023	The Third Engineering Bureau of China City	USD	PV82507 WA393	-	1,970,713	-	-	200,000,000	1,983,525	Kisii-Ahero 50A(AfDB USD)
09/08/2023	The Third Engineering Bureau of China City	USD	PV83448 WA397	-	812,525	-	-	82,460,015	817,807	Kisii-Ahero 50(AfDB USD)
09/08/2023	The Third Engineering Bureau of China City	KSHS	PV83449 WA398	-	-	-	152,431,008	152,431,008	1,511,753	Kisii-Ahero 50(AfDB Kshs)
11/08/2023	Egis Route-Scetauroute	EURO	PV83589 WA399	191,454	-	-	-	30,133,150	298,849	Isebania-Kisii 58-70(AfDB Euro)

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Date	Payee	Currency of Payment	Payment Reference	Amounts in respective currency of IPC/fee note				Equivalent amount in reporting currency	Equivalent amount in Donor Currency	Description
11/08/2023	Egis Route-Scetauroute	Kshs	PV83590 WA400	-	-	-	79,845,310	79,845,310	791,876	Isebania-Kisii 58-70(AfDB Kshs)
14/08/2023	China Henan International	KSHS	PV83266 WA395	-	-	-	47,710,249	47,710,249	473,172	Isebania-Kisii 45(AfDB Kshs)
14/08/2023	China Henan International	USD	PV83267 WA394	-	1,598,281	-	-	162,167,841	1,608,320	Isebania-Kisii 45(AfDB USD)
03/10/2023	TRL Limited	GBP	PV 84344 WA 401	-	-	265,085	-	40,100,008	397,697	Isebania-Kisii INV 11618282
08/11/2023	Egis Route-Scetauroute	EURO	PV85117 WA404	15,150	-	-	-	2,377,607	23,580	Isebania-Kisii 41A(AfDB Euro)
16/11/2023	China Henan International	USD	PV84950 WA405	-	1,360,405	-	-	138,031,990	1,368,949	Isebania-Kisii 47(AfDB USD)
16/11/2023	China Henan International	Kshs	PV84951 WA406	-	-	-	40,609,412	40,609,412	402,749	Isebania-Kisii 47(AfDB Kshs)
22/12/2023	TRL Limited	GBP	PV87014 WA409	-	-	176,724	-	26,733,338	265,131	SCARSIP(Road Design Manuals) 11619118
03/01/2024	The Third Engineering Bureau of China City	USD	PV84542 WA402	-	1,977,394	-	-	200,678,015	1,990,249	Kisii-Ahero 51(AfDB USD)
03/01/2024	The Third Engineering Bureau of China City	Kshs	PV84543 WA403	-	-	-	108,296,929	108,296,929	1,074,048	Kisii-Ahero 51(AfDB Kshs)
03/01/2024	The Third Engineering Bureau of China City	USD	PV86724 WA407	-	2,628,521	-	-	266,758,349	2,645,609	Kisii-Ahero 52(AfDB USD)
03/01/2024	The Third Engineering Bureau of China City	Kshs	PV86725 WA408	-	-	-	143,957,523	143,957,523	1,427,717	Kisii-Ahero 52(AfDB Kshs)
22/01/2024	The Third Engineering Bureau of China City	USD	PV87603 WA410	-	261,244	-	-	26,512,680	262,943	Kisii-Ahero 53 (AfDB USD)
22/01/2024	The Third Engineering Bureau of China City	Kshs	PV87604 WA411	-	-	-	74,820,076	74,820,076	742,037	Kisii-Ahero 53 (AfDB Kshs)
13/03/2024	Abdul Mulick Associates Ltd	KSHS	PV88286 WA413	-	-	-	19,467,502	19,467,502	193,071	Kisii-Ahero 44(AfDB Kshs)

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Date	Payee	Currency of Payment	Payment Reference	Amounts in respective currency of IPC/fee note				Equivalent amount in reporting currency	Equivalent amount in Donor Currency	Description
13/03/2024	Abdul Mulick Associates Ltd	USD	PV88287 WA412	-	8,407	-	-	1,346,717	13,356	Kisii-Ahero 44(AfDB USD)
13/03/2024	Abdul Mulick Associates Ltd	Kshs	PV88288 WA415	-	-	-	14,423,558	14,423,558	143,047	Kisii-Ahero 45(AfDB Kshs)
13/03/2024	Abdul Mulick Associates Ltd	USD	PV88289 WA414	-	8,407	-	-	1,346,717	13,356	Kisii-Ahero 45(AfDB USD)
13/03/2024	Abdul Mulick Associates Ltd	USD	PV88579 WA416	-	8,407	-	-	1,349,953	13,388	Kisii-Ahero 46(AfDB USD)
13/03/2024	Abdul Mulick Associates Ltd	KSHS	PV88578 WA417	-	-	-	12,448,505	12,448,505	123,460	Kisii-Ahero 46(AfDB Kshs)
13/03/2024	Abdul Mulick Associates Ltd	USD	PV88581 WA418	-	8,407	-	-	1,349,953	13,388	Kisii-Ahero 47(AfDB USD)
13/03/2024	Abdul Mulick Associates Ltd	Kshs	PV88580 WA419	-	-	-	6,055,834	6,055,834	60,059	Kisii-Ahero 47(AfDB Kshs)
13/03/2024	Egis Route-Scetauroute	EURO	PV88755 WA421	167,053	-	-	-	26,001,835	257,876	Isebania-Kisii 71A-82A(AfDB Euro)
13/03/2024	Egis Route-Scetauroute	KSHS	PV88756 WA420	-	-	-	51,611,705	51,611,705	511,865	Isebania-Kisii 71B-82B(AfDB Kshs)
25/04/2024	The Third Engineering Bureau of China City	Kshs	PV89785 WA422	-	-	-	98,082,861	98,082,861	972,749	Kisii-Ahero 54 (AfDB Kshs)
22/05/2024	TRL Limited	GBP	PV90118 WA423	-	-	88,362	-	13,366,669	132,566	SCARSIP (Road Design Manuals) 11619673
04/06/2024	China Henan International	USD	PV90649 WA425	-	3,414,503	-	-	346,448,771	3,435,949	Isebania-Kisii 46(AfDB USD)
04/06/2024	China Henan International	Kshs	PV90650 WA426	-	-	-	101,926,233	101,926,233	1,010,866	Isebania-Kisii 46(AfDB Kshs)
	Total			373,658	14,057,215	530,171	951,686,704	2,518,850,312	24,981,011	