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REPORT

OF

THE AUDITOR-GENERAL

ON

NAIROBI METROPOLITAN AREA
TRANSPORT AUTHORITY

FOR THE EIGHTEEN MONTHS PERIOD
ENDED 30 JUNE, 2020

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
Regulatory and Other Non – Commercial Government Owned Entities**

**THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY
(NaMATA)**

REPORT AND FINANCIAL STATEMENTS

**FOR THE EIGHTEEN MONTHS PERIOD ENDING
JUNE 30, 2020**

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

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

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

(b) Principal Activities

The mandate of the Authority is to:

- Develop a sustainable integrated public transport strategy for the Metropolitan Area;
- Develop a sustainable urban mobility plan for the Metropolitan Area derived from the strategy;
- Formulate and oversee the development of a sustainable, evidentially based, Integrated Mass Rapid Transit System Strategy;
- Plan, regulate and co-ordinate the supply of adequate and effective Mass Rapid Transit System;
- Formulate and implement programmes and policies for the overall improvement of public transportation systems within the Metropolitan Area;
- Provide an enabling environment for orderly and structured development of the mass transit system, including both bus rapid transit and commuter rail within the Metropolitan Area;

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

Vision Statement of the Authority

A safe, reliable, affordable and seamless public transport system

Mission Statement of the Authority

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

(c) Key Management

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

- Board of Directors;
- Director General
- Management

(d) Fiduciary Management

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

	Designation	Names
1.	Ag. Director General	Eng. Francis Gitau
2.	Ag. Director Projects and Planning	Eng. Michael Njunge

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3.	Ag. Corporation Secretary	Ms. Connie Ngachu
4.	Senior Deputy Accountant General	CPA Joyce Mutugi
5.	Ag. Head of Finance	Mr. Daniel Odhiambo
6.	Ag. Head of Procurement	Mr. David I. Kinyae
7.	Ag. Director Corporate Support Services	Mr. John Muya

(e) Fiduciary Oversight Arrangements

The Board of directors have created board committee's for their fiduciary oversight:

Committee	Members	Function
HUMAN RESOURCE AND ADMINISTRATION COMMITTEE	1. Ms. Mary W. Chege 2. Hon. Mohammed Dagane 3. Mr. George Wanjau 4. Mr. James Maina 5. Mr. Francis Parsime 6. Eng. Benjamin Njenga	Provide oversight on all Human Resource and Administration functions.
TECHNICAL AND STRATEGY COMMITTEE	1. Mr. Ronald Ndegwa 2. Mr. Mohammed Dagane 3. Mr. Francis Parsime 4. Eng. Amos Njoroge 5. Mr. James Maina 6. Eng. Benjamin Njenga 7. Mr. James Maina	Provide oversight on all Technical & Strategy functions.
AUDIT, RISK, COMPLIANCE AND GOVERNANCE COMMITTEE	1. Ms. Mary Chege 2. Ms. Naomi Mutie 3. Mr. Ronald Ndegwa 4. Mr. Joseph Mwaura 5. Mr. Francis Parsime	Provide oversight on all audit, risk and governance functions.
FINANCE AND GENERAL PURPOSE COMMITTEE	1. Eng. Zachariah Kareng'e 2. Mr. James Maina 3. Eng. Amos Njoroge 4. Mr. George Wanjau 5. Mr. Joseph Mwaura 6. Mr. James Maina	Provide oversight on all finance and general purpose functions.

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(f) Entity Headquarters

Cianda House
Koinange Street
P.O.Box 52692-00200
Nairobi, KENYA

(g) Entity Contacts

Telephone: +254-020-2729200

E-mail: info@namata.go.ke

Website: www.namata.go.ke

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
...
...
...

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

2.THE BOARD OF DIRECTORS

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Mr. Charles Hinga
Principal Secretary
responsible for Housing and
Urban Development
Alternate Member to PS,
Housing – Eng. Benjamin
Njenga

Charles Hinga is the Principal Secretary, State Department for Housing and Urban Development (SDHUD) under the Ministry of Transport, Infrastructure, Housing and Urban Development and Public Works in the Government of Kenya. In this role, Charles leads the SDHUD team in undertaking housing policy management, management of various housing schemes for civil servants and disciplined forces, development and management of government pool housing, public accommodation lease and management, maintenance of the inventory of government housing property as well as development and management of affordable housing.

The State Department is also charged with shelter and slum upgrading, urban planning and development, as well as the establishment of an integrated, efficient, and sustainable urban public transport within the Nairobi Metropolitan Area. More specifically, the State Department is spearheading the implementation of the New Urban Agenda and efforts to achieve SDG 11 which focus on creating sustainable cities and human settlements, disaster risk reduction, adequacy of services, and inclusivity within communities. SDHUD is also championing the delivery of 500,000 affordable homes by 2022 as articulated under the current administration's Big Four Agenda.

Prior to joining public service, Charles was a successful entrepreneur, establishing and running a group of companies with interests in Investment Banking, Project Finance, and township-based broadband telecommunications. Through this experience, Charles has nurtured skills skilled in project design, structuring, and capital raising, financial analysis, negotiations and business case development for public-private partnerships.

In 2016, he was the recipient of the South Africa Professionals Services Awards as the Consulting Professional of the year. The judges noted that he won this award for the well-articulated desire to make a difference working through an offshoot of the consulting business that provides internet connectivity to the previously disadvantaged.

Charles is a Chartered Accountant (CA) and holds a Bachelor of Commerce (Accounting) degree from Kenyatta University as well as a Bachelor of Accounting Science (Honours) degree from the University of South Africa.

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Dr. Julius Muia
Principal Secretary
responsible for Finance
Alternate Member to PS,
Finance – Mr. Joseph
Mwaura

Dr. Julius Muia is the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning – The National Treasury and Planning. Before his appointment as PS Planning, he was the Director General, Vision 2030 Delivery Secretariat which operated under the Office of the President, Republic of Kenya to facilitate the implementation of Vision 2030. This is Kenya's long-term policy framework that is premised on making Kenya a globally competitive, rapidly industrializing and upper middle income economy by 2030.

Between April 2008 and October 2016, Dr. Muia served as the Secretary, National Economic and Social Council, Office of the President. This is a top advisory government think tank whose flagship project was formulating Vision 2030.

An alumnus of the University of Nairobi's School of Business, Dr. Julius Muia graduated with a First Class Honours Degree in Accounting; Master's Degree and PhD in Finance from the same university. His professional qualifications include: Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach.



Hon. Mohammed Dagane
County Executive Committee
Member in Charge of
Transport, Nairobi County

Hon. Dagane has been a Director and a member of the Human Resources & Administration and the Technical and Strategy committee for NaMATA since March 2018. Hon. Mohamed Dagane is the County Executive Committee Member (CECM) for Roads, Transport and Public Works for Nairobi City County Government.

He has also served as the CEC for health in the County Government of Nairobi. Dagane is results focused governance, ethics and communication specialists with a wide range of experience in governance and leadership in both public and private sectors. His inputs and outputs have spurred and supported governance and policy development and planning, human resources management organizations.

Hon. Dagane has worked for several private and public sector organizations in different capacities including: Nairobi City County (County Executive various positions, 2017- present); RACIDA (Regional Programme Coordinator for Kenya, Ethiopia and Somalia, Helpage International (UK), Save the Children and COCOP (Kenya.)

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	A change driver and visionary leader accustomed to overcoming numerous and seemingly-impossible challenges to deliver improvements in health, roads and public transport performance while positively impacting community members and service recipients. An expert negotiator by leveraging a calm and composed demeanour; lead teams in complex dealings, salvage broken-dawn discussions, and mend adversarial relationships.
 Ms. Naomi Mutie County Executive Committee Member in Charge of Transport, Machakos County	Ms. Naomi is currently the CEC In Charge of Transport in Machakos County. She has qualifications in Public Health.
 Eng. Amos Njoroge County Executive Committee Member in Charge of Transport, Muranga County	Eng. Amos Njoroge holds a Bachelor's Degree in Civil Engineering from the University of Nairobi. He is a registered Engineer with Engineers Board of Kenya (EBK). Some of the notable achievements of Eng. Amos Njoroge include Conducting Hydrological evaluation analysis of the performance of drainage system in the Central Business District (CBD) Nairobi. He was also Involved in design implementation, design modification to suit site conditions, quality control and assurance, coordination of junior staff and supervision and supervision of Tswapong Access roads which involved construction of 78km road network. Eng. Amos Njoroge has been involved in labour-based projects in Kenya, community based projects especially Ragia water community project and the upgrading to Bitumen Standards of Kaptama - Kapsokwony - Sirisia Road.
	Mr. Francis Parsimei holds a Master's Degree in Urban Development from the University of Nairobi. He has worked intensively in the Urban Planning, Development

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 Mr. Francis Parsimei County Executive Committee Member in Charge of Transport, Kajiado County	and Management in the Infrastructure, Environment, Water, Real Estate and Retail sectors. Mr. Parsimei has been the Chairperson, Association of Urban & County Managers of Kenya, National Secretary of the Municipal Managers' Caucus in Kenya, Member of the British Council of shopping centers management – UK. He is also a Registered environmental auditor & EIA expert (MN, 1737) and a member of the Institute of Governance of Kenya. His key leadership roles include being the Manager, the Municipality of Kajiado – Kajiado County, Secretary General, the National Caucus of Municipal Managers of Kenya, Kajiado County Representative in the task force tasked with the formation of the Nairobi Metropolitan Transport Authority (NaMATA), Board member, Kentrade. He Participated in the formulation of the Nairobi Metro Strategy of 2009/10 and was a Parliamentary Aspirant, Kajiado North Constituency.
Mr. James Maina County Executive Committee Member in Charge of Transport, Kiambu County	Mr. Maina has worked as the Kiambu County Executive Committee Member for Lands, Housing, Physical Planning and Urban Development. He brings with him over 15 years of experience in urban planning and management; spatial planning, preparation of master plans and local plans, zoning and development control, traffic management and decongestion, all gained with the Nairobi City Council and his current position. He holds a Master's Degree in Urban and Regional Planning from the University of Nairobi, as well as a BA from the same institution.
 Ms. Mary Chege Independent Member	Mary Chege is an Advocate of the High Court of Kenya with over eighteen years' experience in advising on a broad range of transactions across Sub-Saharan Africa in the energy, infrastructure, real estate and natural resources sectors. She is a Certified PPP Practitioner – CP³P® and is an accredited CP³P trainer. Passionate about the African continent, Ms. Chege is a founding member of the African Network for Women in Infrastructure (ANWIn) of the African Union Commission. Ms. Chege holds a Bachelor of Laws from University of Nairobi, Kenya and a Master of Laws from University of the Witwatersrand, South Africa. She serves in the

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	Authority as an Independent Board Member and chairs the Audit, Governance, Risk and Compliance Committee.
 Mr. Ronald Ndegwa Independent Member	Mr. Ronald Ndegwa holds a Bachelor of Science in Civil Engineering (Upper Second Class Honours) from the University of Nairobi, a Diploma in Human Resources Management (First Class Honours) from Damelin Management School, Port Elizabeth, South Africa and a Certificate in Logistics (Supply Chain) Management Programme from Cranfield University School of Management, UK. He is a Member of the Institute of Engineers Board of Kenya (EBK) and a Member of the Kenya Institute of Supplies Management (KISM). He was the Group Head of Supply Chain & Logistics supporting Kenya Breweries Ltd, Uganda Breweries Ltd, United Distillers & Vinters, Central Glass Industries, East African Maltings Ltd & International Distillers- Uganda Ltd from September 2005 to November 2008. He was also the Supply Chain Director responsible for Magadi Rail Operations, Roads & Rail Maintenance, Procurement, Warehousing & Distribution, Mombasa Export Terminal, Shipping Operations and Kajiado Locomotive Maintenance & Product Trans-shipment facility and Community support programs (passenger transport via rail, water supply etc.) at Magadi Soda Company Ltd (Tata Chemicals Magadi Ltd). He also served as Chairman - Magadi Soda Provident Fund Board of Trustees. Mr. Ndegwa also was the Managing Director of Savannah Cement Ltd from December 2013 to July 2020. He is currently serving as the Chairman of Mount Kenya Holiday Homes Ltd
 Mr. Zachariah Karege	Zachariah Karege Mungai is the General Manager of Field Engineering, Leasing Operations & Fleets Management for Isuzu East Africa Ltd (formerly General Motors East Africa), the largest motor vehicle assembler in the region selling a wide range of Isuzu vehicles. His career in GM began in 2005 in its East African operations where he has worked for the last 16 years. Prior to his current position, Karege held several key roles in Product Planning & Engineering and Export Operations organizations both in East Africa and GM Sub-Sahara Africa Operations. Karege holds a Bachelor's Degree in Engineering (1st Class Hons) received from Moi University, and an Executive Master's Degree in Business Administration

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Independent Member	(MBA) from the JKUAT University. Karengi is currently a board member for the Nairobi Metropolitan Area Transport Authority. He previously served in several technical committees of Kenya Bureau of Standards and was instrumental in the development of the current Fuel and Motor Vehicle Inspection standards that are transitioning Kenya to cleaner Euro 4 Emission Levels. He also served in the various United Nations Environmental Programme committees that steered the cleaner emission standards journey for the country and the National Transport & Safety Authority. Throughout his career, Karengi has had extensive international training and exposure assignments in various countries including UK, Japan, Thailand, Dubai, South Africa, Egypt, and Sub-Sahara Africa Countries. Karengi is a member of various professional organizations including the Institute of Directors of Kenya, Engineers Registration Board, the Institution of Engineers of Kenya and the Institution of Construction Project Managers of Kenya.
 Eng. Francis Gitau Ag. Director General	Eng. Francis Gitau is a consulting engineer with the Board and a Corporate member of the Institution of Engineers of Kenya. He holds Bachelor's degree (Civil Engineering) from the University of Nairobi, an Executive Master degree in Business Administration from the Jomo Kenyatta University of Agriculture and Technology, Post Graduate Professional Qualification in Road Maintenance, Trained in Change Leadership and Advanced Project Preparation Eng. Gitau has over 30 years in engineering management and is currently the Infrastructure Secretary at the State Department of Infrastructure
 Ms. Connie Ngachu Ag. Corporation Secretary	Ms. Connie Ngachu is an Advocate of the High Court of Kenya. She holds a Bachelors of Law Degree (Second Class Honours) from Catholic University of Eastern Africa, Post Graduate Diploma in Law from Kenya School of law and pursued a Masters in Oil and Gas Law at Strathmore University. She is also a member of the Law Society of Kenya, East Africa Law Society and an Associate Member of the Chartered Institute of Arbitrators. She is a Commissioner of Oaths, Notary Public, ISO Auditor and has over 12 years work experience.

3. MANAGEMENT TEAM

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Names	Title designation	Key qualification
Eng. Francis Gitau	Ag. Director General	Eng. Francis Gitau is a consulting engineer with the Board and a Corporate member of the Institution of Engineers of Kenya. He holds Bachelor's degree (Civil Engineering) from the University of Nairobi, an Executive Master degree in Business Administration from the Jomo Kenyatta University of Agriculture and Technology, Post Graduate Professional Qualification in Road Maintenance, Executive Masters in Business Administration, Trained in Change Leadership and Advanced Project Preparation Eng. Gitau has over 30 years in engineering management and is currently the Infrastructure Secretary at the State Department of Infrastructure
Eng. Michael Njunge	Ag. Director Projects and Planning	Eng. Michael Njunge is a Registered Engineer of EBK and IEK. He holds a BSC Civil Engineering from University of Nairobi and pursued a MSC Transportation Engineering at University of Nairobi. He has undertaken courses on Intelligent Transportation Systems and Labour Based Road Construction and Maintenance. He has 31 years work experience as an Engineer
Connie Ngachu	Ag. Corporation Secretary/Head of Legal Affairs	Ms. Connie Ngachu is an Advocate of the High Court of Kenya. She holds a Bachelors of Law Degree (Second Class Honours) from Catholic University of Eastern Africa, Post Graduate Diploma in Law from Kenya School of law and pursued a Masters in Law Degree in Oil at Strathmore University. She is also a member of the Law Society of Kenya, East Africa Law Society and an Associate Member of the Chartered Institute of Arbitrators. She is a Commissioner of Oaths, Notary Public, ISO Auditor and has over 12 years work experience.
CPA Joyce Mutugi	Senior Deputy Accountant General	CPA(K),MBA
Daniel Odhiambo	Ag. Head of Finance	Mr. Daniel Odhiambo holds M.A. (Economics), PGD Development Studies with 12 years working experience.
David I. Kinyae	Ag. Head of Procurement	Mr. David Kinyae holds a MSC in Procurement, Logistics and Supply Chain Management,

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		Professional Diploma CIPS (UK) Procurement Logistics and Supply Chain Management, Final Diploma in Supply Chain Management, Diploma I&II in Supply Chain Management. He has over 32 Years of work experience.
John Muya	Ag. Director Corporate Support Services	Mr. John Muya holds MA Public Administration, Bachelor Degree in Public Health and has over 20 years work experience in Public Administration.

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4. CHAIRPERSON'S STATEMENT

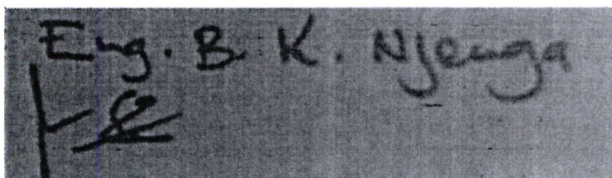
The Nairobi Metropolitan Area (NMA) has been experiencing significant challenges arising from increased vehicular traffic congestion and increased NMT ridership. This has resulted to huge losses of man hours by commuters within the NMA. The Integrated National Transport Policy, therefore, outlined the challenges in the public transport sector, and recommended for the establishment of Nairobi Metropolitan Area Transport Authority (NaMATA) as a coordinating agency.

NaMATA was established by an Executive Order through Legal Notice No. 18 of 17th February, 2017. The Order mandates the Authority to oversee the establishment of an integrated, efficient, effective, and sustainable public transport system particularly Mass Rapid Transit System (MRTS) which includes Bus Rapid Transit (BRT), Commuter Rail Services and Non-Motorized Transport (NMT) among others within the NMA.

The restructuring and modernization of an urban public transport system is extremely complex and difficult. The development and maintenance of public transport will best be tackled through a multi-agency approach for tangible benefits to be realized. Introduction of Mass Rapid Transit System (MRTS) is one of the agenda of the Authority's Strategic Plan. NaMATA will expect all players in the sector and beyond to participate in the realization of this noble goal. Further, the Authority will continue to engage stakeholders on matters affecting its operations in the spirit of stakeholder participation and to promote activities that increase the attractiveness of MRTS.

The Authority's Strategic Plan was developed in cognizance of the national development agenda. To this end, the role of the Authority, as far as the realization of national development agenda as stated in a number of protocols is clearly mapped out. These protocols include; the Kenya Vision 2030, the Big Four Agenda, Africa Agenda 2063 and Sustainable Development Goals among others. The Authority's strategic focus has been communicated through the Key Result Areas clear vision and mission have been developed to steer it towards it.

It is my hope and desire that all our stakeholders will support us as we implement our strategic plan whose main agenda is to enhance mobility within the NMA.

A rectangular box containing a handwritten signature in dark ink. The signature appears to read "Eng. B. K. Njenga" with a stylized flourish below it.

Ag. Chairperson, Nairobi Metropolitan Area Transport Authority.

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5. REPORT OF THE CHIEF EXECUTIVE OFFICER

6. REVIEW OF NAMATA'S REGULATORY & NON – COMMERCIAL ENTERPRISE'S PERFORMACE FOR FY 2019/2020

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

Table 3. 1: Strategy Matrix

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

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7. CORPORATE GOVERNANCE STATEMENT

The Authority's Board has an approved Board Charter dated 30th January 2020 in accordance with Mwongozo, Code of Governance for State Corporations that helps the Board in directing the organisation to maximise the long term values of services for all stakeholders. It outlines the Board's roles, responsibilities that support the members in carrying out their strategic oversight function.

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

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

In general, Board members shall act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the organization over other interests.

They will act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

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

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

The Board has held meetings their respective constituted committees for FY 2019/2020 and Full Board meetings as follows:-

MEETING	DATE	ATTENDANCE
6 th Audit, Risk, Compliance & Governance Committee Meeting	21 st May 2019	1. Mary Chege 2. Francis Parsimei 3. Ronald Ndegwa
8 th Finance & General Purpose Committee Meeting	28 th May 2019	1. Zachariah Karenga 2. Francis Gitau

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8 th HR & Administration Committee Meeting	28 th May 2019	1. Mary Chege 2. Hitan Majevdia 3. Francis Parsimei
Full Board Meeting	4 th June 2019	1. Ronald Ndegwa 2. Zachariah Karengi 3. Amos Njoroge 4. Wilson Mburu 5. Mary Chege 6. Francis Parsimei 7. Joseph Mwaura 8. Francis Gitau
Full Board Meeting	16 th August 2019	1. Amos Njoroge 2. Morris Aluanga 3. Francis Parsimei 4. Mary Chege 5. Zachariah Karengi 6. Juliet Kimemiah 7. Hitan Majevdia
Full Board Meeting	14 th November 2019	1. Mary Chege 2. Francis Parsimei 3. Francis Gitau 4. Juliet Kimemiah
8 th Technical & Strategy Committee Meeting	29 th May 2019	1. Amos Njoroge 2. Francis Parsimei 3. Francis Gitau
9 th Technical & Strategy Committee Meeting	28 th January 2020	1. Ronald Ndegwa 2. Francis Parsimei 3. Juliet Kimemiah 4. Amos Njoroge 5. Francis Gitau
10 th Technical & Strategy Committee Meeting	24 th April 2020	1. Ronald Ndegwa 2. Francis Parsimei 3. Juliet Kimemiah 4. Benjamin Njenga 5. Francis Gitau
9 th Finance & General Purpose Committee Meeting	29 th January 2020	1. Zachariah Karengi 2. Juliet Kimemiah 3. Amos Njoroge 4. Joseph Mwaura 5. Francis Gitau

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Special Finance and General Purpose Committee Meeting	25 th February 2020	1. Zachariah Kareng'e 2. Amos Njoroge 3. Joseph Mwaura 4. Juliet Kimem'iah 5. Francis Gitau
10 th Finance & General Purpose Committee Meeting	27 th April 2020	1. Zachariah Kareng'e 2. Juliet Kimem'iah 3. Joseph Mwaura 4. Francis Gitau
10 th HR & Administration Committee Meeting	22 nd April 2020	1. Francis Parsime'i 2. Mary Chege 3. Juliet Kimem'iah 4. Benjamin Njenga 5. Francis Gitau
7 th Audit, Risk, Compliance & Governance Committee Meeting	23 rd January 2020	1. Mary Chege 2. Ronald Ndegwa 3. Morris Aluanga 4. Francis Parsime'i
Special Audit, Risk, Compliance & Governance Committee Meeting	27 th February 2020	1. Mary Chege 2. Ronald Ndegwa 3. Morris Aluanga 4. Francis Parsime'i
8 th Audit, Risk, Compliance & Governance Committee Meeting	28 th April 2020	1. Mary Chege 2. Ronald Ndegwa 3. Francis Parsime'i 4. Joseph Mwaura
Special Audit, Risk, Compliance & Governance Committee Meeting	28 th August 2020	1. Mary Chege 2. Ronald Ndegwa 3. Mohammed Dagane 4. Francis Parsime'i 5. Joseph Mwaura
Special Audit, Risk, Compliance & Governance Committee Meeting	25 th August 2020	1. Mary Chege 2. Ronald Ndegwa
Special Audit, Risk, Compliance & Governance Committee Meeting	28 th August 2020	1. Mary Chege 2. Ronald Ndegwa
Full Board Meeting	30 th January 2020	1. Mary Chege 2. Zachariah Kareng'e 3. Joseph Mwaura 4. Mohammed Dagane 5. Francis Parsime'i 6. Ronald Ndegwa 7. Francis Gitau

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Special Full Board Meeting	28 th February 2020	1. Mary Chege 2. Juliet Kimemiah 3. Zachariah Karengi 4. Joseph Mwaura 5. Francis Parsimei 6. Amos Njoroge 7. Ronald Ndegwa 8. Mohammed Dagane
Joint Board Meeting Between NAMATA & KURA	27 th February 2020	1. Mary Chege 2. Francis Parsimei 3. Morris Aluanga 4. Juliet Kimemiah 5. Francis Gitau
Joint Board Meeting Between NAMATA & KURA (Sawela Lodge)	6 th March 2020	1. Mary Chege 2. Mohammed Dagane 3. Francis Parsimei 4. Francis Gitau
Joint Meeting Between NaMATA, KeNHA and KURA	9 th March 2020	1. Mary Chege 2. Juliet Kimemiah 3. Amos Njoroge 4. Francis Parsimei
11 th Full Board Meeting	30 th April 2020	1. Mary Chege 2. Juliet Kimemiah 3. Zachariah Karengi 4. Joseph Mwaura 5. Francis Parsimei 6. Ronald Ndegwa 7. Benjamin Njenga 8. Mohammed Dagane 9. Francis Gitau

8. MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance of the Authority.

1.0 BACKGROUND

The Nairobi Metropolitan Area Transport Authority (NaMATA) Council vide Legal Notice No. 16 of 26th February 2019 declared five Bus Rapid Transit (BRT) corridors:

- a) Line 1: Ndovu (Limuru – Kangemi – CBD - Imara Daima-Athi River - Kitengela)
- b) Line 2: Simba (Rongai – Bomas(Langata Rd) – CBD - Ruiru – Thika - Kenol)
- c) Line 3: Chui (Tala – Njiru - Dandora(Juja Rd) – CBD - Showground(Ngong Rd) - Ngong)
- d) Line 4: Kifaru
 - (i) East: Mama Lucy Hospital - Donholm(Jogoo Rd) - CBD
 - (ii) West: CBD -T Mall – Bomas – Karen - Kikuyu
- e) Line 5: Nyati (Ridgeways(Kiambu Rd) – Balozi(Allsops) - Imara Daima

2.0 Thika Super Highway

The Thika Super Highway was designed in the form of a telescope with the carriageway starting as an eight lane highway in Nairobi with service lanes and narrowing to a six lane highway with service lanes.

Along its forty odd kilometres, the highway is characterized by residential areas, schools and universities, a power generation facility, urban centres, shopping malls, hospitals, hospitality institutions and a military installation among others. It was built with financial assistance from The People's Republic of China and was completed in 2013.

3.0 BRT Pilot Project

NaMATA is implementing a pilot BRT project along line 2 in two phases under GoK Development Funding.

- (i) Phase I: Clay Works – CBD
- (ii) Phase II: Clay Works – Ruiru and CBD – Kenyatta National Hospital

3.1 Concept

The project is designed to ensure minimum changes to the form and character of the Highway. The middle lanes will be used by the BRT buses. Barriers will be introduced to separate the BRT lanes from general traffic. The existing footbridges will be modified to provide access to the median which will be converted into a platform for the passengers to board and alight from the buses.

4.0 CURRENT STATUS

4.1 Design

The Contractor submitted the Preliminary Design for the BRT works on 26th November 2020. The design is currently under review. The design includes the design for Ruiru Depot, Kasarani Depot and Kenyatta National Hospital Terminus. It also includes design for intermediate stations.

4.1.1 Ruiru Depot

The BRT buses access the terminus via a ramp that raises the buses from the median of the Thika Superhighway, over the Highway traffic and delivers them into the Station. The Ruiru depot has been integrated into the Ruiru Commuter Rail (CR) Station. The terminus includes:

- Park and Ride (P+R) facilities
- Bus boarding Platform
- Bus maintenance facility

It includes a common ticketing area for both the BRT and CR systems. Commuters are also able to move from one mode to the other.
a station layout is shown in Annex 1.

4.1.2 Kasarani Depot

The Kasarani Depot is integrated into the Kasarani Sports Stadium. It includes

- Offices
- Park and Ride (P+R) facilities
- Transfer facilities where commuters can move from matatus to buses

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- Bus maintenance facility

A layout of the Kasarani Depot is shown in Annex 2.

4.1.3 Kenyatta National Hospital (KNH) Terminus

The KNH Terminus consists of the following:

- Park and Ride (P+R) facilities
- Bus boarding Platform
- Bus maintenance facility

A layout of the KNH Terminus is shown as Annex 3.

4.1.4 Intermediate Stations

The Intermediate Stations are designed on alternate sides of the footbridge to improve on efficiency in passenger movements during peak hours. The two directions have independent ticketing facilities and boarding platforms. An aerial view of the intermediate station is shown as Annex 4.

4.1.5 Footbridge modifications

Footbridge modifications into intermediate stations have started at Kasarani/Safari Park Footbridge. Progress photos are shown in Annex 5.

5.2 Kasarani land acquisition

The National Land Commission (NLC) is in the process of gazettelement of the land at Kasarani that is required for the Kasarani BRT Depot.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile of the Authority -

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

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2. Environmental performance

The Following is the Authority's environmental sustainability policy:

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

3. Employee welfare

The following is the Authority's hiring policy:

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

4. Market place practices-

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

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

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

5. Community Engagements-

The Authority procured 10 spray booths was signed on 13th July 2020. On 7th August, 2020, which were to be distributed to the Counties within Nairobi Metropolitan to combat Covid 19.

10. REPORT OF THE DIRECTORS

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

Principal activities

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

- Develop a sustainable integrated public transport strategy for the Metropolitan Area;
- Develop a sustainable urban mobility plan for the Metropolitan Area derived from the strategy;
- Formulate and oversee the development of a sustainable, evidentially based, Integrated Mass Rapid Transit System Strategy;
- Plan, regulate and co-ordinate the supply of adequate and effective Mass Rapid Transit System;
- Formulate and implement programmes and policies for the overall improvement of public transportation systems within the Metropolitan Area;
- Provide an enabling environment for orderly and structured development of the mass transit system, including both bus rapid transit and commuter rail within the Metropolitan Area;

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

Directors

The members of the Board of Directors who served during the year are shown on page vii. During the year Mr. Hitan Majevechia (CEC In charge of Transport, Nairobi), Mr. Morris Aluanga (CEC In charge of Transport, Machakos) and Dr. Juliet Kimemiah (CEC In charge of Transport, Kiambu County), were replaced by Mr. Mohammed Dagane, Ms. Naomi Mutie and Mr. James Maina respectively.

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Or the entity remitted Kshs xxxx (FY 2019 Kshs xxx. The entity did not make any surplus during the year (FY 2019 Nil) and hence no remittance to the Consolidated Fund. [Entities to edit accordingly]

Auditors

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

By Order of the Board



Ag. Corporation Secretary
Nairobi
Date.....

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11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Order 18 of the Nairobi Metropolitan Area Transport Authority which require the Directors to prepare financial statements in respect of NAMATA, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of for FY 2019/2020. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

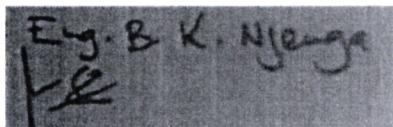
The Directors are responsible for the preparation and presentation of the NAMATA's financial statements, which give a true and fair view of the state of affairs of NAMATA for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of NAMATA; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for NAMATA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 the Nairobi Metropolitan Area Transport Authority Order, 2017. The Directors are of the opinion that NAMATA's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30, 2020, and of its financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for NAMATA, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The NAMATA financial statements were approved by the Board on _____ 2020 and signed on its behalf by:



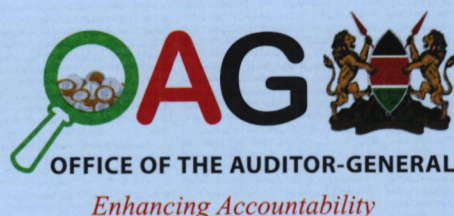
.....
Session Chairperson of the Board



.....
Ag. Director General

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY FOR THE EIGHTEEN MONTHS PERIOD ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nairobi Metropolitan Area Transport Authority for the eighteen months period ended 30 June, 2020, set out on pages 1 to 28, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nairobi Metropolitan Area Transport Authority as at 30 June, 2020, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Legal Notice No.18 of 17 February, 2017.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi Metropolitan Area Transport Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.1,134,300,836 and

Kshs.602,186,989 respectively resulting to an under-funding of Kshs.532,113,847 or 47% of the budget. Similarly, the Fund spent Kshs.141,180,483 against an approved budget of Kshs.602,186,989 resulting to an under-expenditure of Kshs.466,871,346 or 78% of the budget. Further, the statement does not reflect percentages of under-funding and under-expenditures. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the stakeholders.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Mismanagement in Issuance of Imprest

The statement of financial position reflects receivables from non-exchange transactions of Kshs.7,797,824 which represents outstanding imprest that ought to have been surrendered on 30 June, 2020 but were still outstanding as at the end of the financial year. Further, two officers were issued with additional imprests without accounting for previous imprest issued to them contrary to Section 92(4)(b) and (5) of the Public Finance Management Regulations, 2015 which states that 'before issuing temporary imprests the Accounting Officer shall ensure that the applicant has no outstanding imprests and that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station'

The Management is therefore in breach of the regulation.

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements

are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 January, 2022

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STATEMENT OF FINANCIAL PERFORMANCE
FOR EIGHTEEN MONTHS PERIOD ENDING 30 JUNE 2020

Description	Notes	01-01-2019-30-06-2020
		Kshs
Revenue from non-exchange transactions		
Transfers from other governments–gifts and services-in-kind	6	602,186,901
Total revenue		602,186,901
Expenses		
Operating and Other Administrative cost	7	112,614,889
Other General Expenses	8	4,424
Employee cost	9	18,696,330
Board Expense	10	4,000,000
Total Expenses		135,315,643
Other gains/(losses)		
Gain on foreign exchange transactions	11	88
Surplus/(deficit)for the period		466,871,346
Attributable to:		
Surplus/(deficit)attributable to minority interest		-
Surplus attributable to owners of the controlling entity		466,871,346
		466,871,346

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STATEMENT OF FINANCIAL PERFORMANCE
FOR EIGHTEEN MONTHS PERIOD ENDING 30 JUNE 2020

Description	Notes	01-01-2019-30-06-2020
		Kshs
Revenue from non-exchange transactions		
Transfers from other governments–gifts and services-in-kind	6	602,186,901
Total revenue		602,186,901
Expenses		
Operating and Other Administrative cost	7	112,614,889
Other General Expenses	8	4,424
Employee cost	9	18,696,330
Board Expense	10	4,000,000
Total Expenses		135,315,643
Other gains/(losses)		
Gain on foreign exchange transactions	11	88
Surplus/(deficit)for the period		466,871,346
Attributable to:		
Surplus/(deficit)attributable to minority interest		-
Surplus attributable to owners of the controlling entity		466,871,346
		466,871,346

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13. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

Description	Notes	01-01-2019- 30-06-2020
		Kshs
Assets		
Current assets		
Cash and cash equivalents	12	453,208,682
Receivables from non-exchange transactions	13	7,797,824
		461,006,506
Non-Current Assets		
Property, plant and Equipment	15	5,864,840
Total Asset		466,871,346
Reserves		
Accumulated surplus		466,871,346
Capital Fund		-
Total net assets and liabilities		466,871,346

The Financial Statements set out on pages 1 to 28 were signed on behalf of the Board of Directors by:

Ag. Director General
Name:



Date.....

Ag. Finance Manager
Name
ICPAK Member no.



Date -----

Chairperson of the Board
Name:



Date.....

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STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDING 30 JUNE 2020

		Revenue reserve	Capital Reserve	Total
		Kshs.	Kshs.	Kshs.
Balance as at 30 January 2019		0.00	0.00	0.00
Surplus/(deficit) for the period		466,871,346	0.00	466,871,346
Balance as at 30 June 2020		466,871,346	0.00	466,871,346

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STATEMENT OF CASH FLOWS
FOR EIGHTEEN MONTHS PERIOD ENDING 30 JUNE 2020

Description	Notes	01-01-2019-30-06-2020
		Kshs
Cash flows from operating activities		
Surplus for the year		466,871,346
Add back Depreciation		0.00
Less Staff Imprest		(7,797,824)
Net cash flows from operating activities		459,073,522
Cashflow from Investing Activities		
Purchase of Non-Current Assets		(5,864,840)
Net cash flows from Investing Activities		(5,864,840)
Cash flows from financing activities		
Proceeds from borrowings		-
Net cash flows used in financing activities		-
Net increase/(decrease) in cash and cash equivalents		453,208,682
Cash and cash equivalents at 1 Jan 2018		-
Cash and cash equivalents at 30 JUNE 2020		453,208,682

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	01-01-2019-30-06-2020 Kshs	01-01-2019-30-06-2020 Kshs	01-01-2019-30-06-2020 Kshs	01-01-2019-30-06-2020 Kshs	01-01-2019-30-06-2020 Kshs
Revenue					
Government grants and subsidies	1,134,300,836	-	1,134,300,836	602,186,901	532,113,935
Other Income	-	-	-	88	(88)
Total income	1,134,300,836	-	1,134,300,836	602,186,989	532,113,847
Recurrent Expenses					
Operating and other Administrative cost	107,807,100		107,807,100	112,614,889	(4,807,789)
Employee Cost	32,000,000		32,000,000	18,696,330	13,303,670
Board Expenses	9,303,670		9,303,670	4,000,000	5,303,670
Other General Expenses	7,000		7,000	4,424	2,576
Total Recurrent Expenses	149,117,770		149,117,770	135,315,643	13,802,127
Operating Surplus	985,183,066		985,183,066	466,871,346	518,311,720
Capital Expenditure					
Acquisition of PPE	10,000,000		10,000,000	5,864,840	5,864,840
Total Capital Expenditure	10,000,000		10,000,000	5,864,840	5,864,840
Net expenditure expenditure	159,117,770	-	159,117,770	141,180,483	17,937,287
Surplus for the period	975,183,066	-	975,183,066	466,871,346	508,311,720

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14. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1 st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash fl)
Amendments to Other IPSAS	Applicable: 1st January 2022:

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Standard	Effective date and impact:
resulting from IPSAS 41, Financial Instruments	a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	Applicable: 1st January 2021: a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

iii. Early adoption of standards

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

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the 2019-2020 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 1 of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Taxes

Current income tax

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

Sales tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

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

e) Investment property

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

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

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

Transfers are made to or from investment property only when there is a change in use.

f) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

h) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

i) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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.

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY
(Continued)

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6 TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	01-01-2019-30-06-2020
	KShs	KShs			
			KShs	KShs	KShs
State department for Housing and Urban Development	597,704,363	-	-	597,704,363	597,704,363
State department for Public Works	4,482,538	-	-	4,482,538	4,482,538
Total	602,186,901	-	-	602,186,901	602,186,901

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Operating and other administrative cost

Description	01-01-2019-30-06-2020
	KShs
Communication, supplies and services	19,460
Domestic travel and subsistence	6,636,161
Foreign travel and subsistence	8,122,814
Printing, advertising and information supplies & services	3,974,155
Training expenses	7,691,013
Hospitality supplies and services	9,257,498
Office general supplies and services	76,727,434
Routine maintenance – vehicles and other transport equipment	186,353
Total	112,614,889

8 Other General Expenses

Other General Expenses	01-01-2019-30-06-2020
Other General Expense	4,424
Total	4,424

9 Employee Costs

Description	01-01-2019-30-06-2020
	KShs
Salaries and wages	426,700
Travel, motor car, accommodation, subsistence and other allowances	18,269,630
Total	18,696,330

10 Board Expenses

Description	01-01-2019-30-06-2020
Board Expenses	4,000,000
Total	4,000,000

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11 Gain on Foreign Exchange Transactions

Description	01-01-2019-30-06-2020
	KShs
Exchange Gains	88
Total	88

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 CASH AND CASH EQUIVALENTS

Description	01-01-2019-30-06-2020
	KShs
Current account	453,208,682
Others(specify)	-
Total cash and cash equivalents	453,208,682

12 (a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank	1241411352	453,208,682
Sub- total		453,208,682
b) Others(specify)		
cash in hand		-
Sub- total		-
Grand total		453,208,682

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	01-01-2019-30-06-2020
	KShs
Current receivables	
Staff imprest	7,797,824
Total current receivables	7,797,824

13(a). OUTSTANDING IMPREST REGISTER

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2020
	Kshs		Kshs	Kshs
	a		b	c=a-b
Abigael Muigai	192,556			192,556
Benard Okworo	50,000			50,000
Benard Okworo	70,000			70,000
David Kinyae	222,480			222,480
David Kinyae	328,000			328,000
David Kinyae	351,480			351,480
David Kinyae	480,000			480,000
David Kinyae	1,190,000			1,190,000
David Kinyae	1,639,000			1,639,000
David Kinyae	2,475,700			2,475,700
Eng Martin Shikuku	242,400			242,400
Eng Michael Njonge	287,648			287,648
Eng. Peter Wanjohi	218,160			218,160
Joseph Kochalle	50,400			50,400
				-
	7,797,824			7,797,824

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 CASH GENERATED FROM OPERATIONS

Description	01-01-2019-30-06-2020
	KShs
Surplus for the year before tax	466,871,346
Adjusted for:	
Finance cost	-
Working Capital adjustments	
Increase in receivables (Imprests)	(7,797,824)
Net cash flow from operating activities	453,208,682

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15 Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS (continued)					
Property, plant and equipment					
	Computers & other Equipment	Motor- vehicles	Furniture and Fittings	Land and Buildings	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At January 2019	0.00	0.00	0.00	0.00	0.00
Additions	5,864,840	0.00	0.00	0.00	5,864,840
At 30 June 2020					
Depreciation and impairment	0.00	0.00	0.00	0.00	0.00
At 30 June 2020	5,864,840	0.00	0.00	0.00	5,864,840

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RELATED PARTY BALANCES

Nature of related party relationships

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

Description	Kshs
Transactions with related parties	
a) Grants from other Government Entities	
State department for Housing and Urban Development	597,704,363
State department for Public Works	4,482,538
Total	602,186,901

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 EVENTS AFTER THE REPORTING PERIOD

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

7 ULTIMATE AND HOLDING ENTITY

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

8 Currency

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

9. Progress on Follow up on Auditors Recommendations.

CEO Signature

Head of Accounts

THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
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15. APPENDICES

APPENDIX I: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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APPENDIX II: INTER-ENTITY TRANSFERS

	ENTITY NAME:	THE NAIROBI AREA TRANSPORT AUTHORITY (NaMATA)		
Break down of Transfers from the State Department of Housing and Urban Development				
	PERIOD 2018-2020			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		8/3/2019	4,000,000	FY 2018/2019
		8/6/2020	5,250,000	FY 2019/2020
		23/1/2019	8,000,000	FY 2018/2019
		24/12/2019	5,250,000	FY 2019/2020
		25/09/2019	5,250,000	FY 2019/2020
		27/3/2020	5,250,000	FY 2019/2020
		Total	33,000,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		9/7/2019	500,000,000	FY 2018/2019
		4/6/2020	59,449,374	FY 2019/2020
		Total	559,449,374	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Various	5,254,989	FY 2018/2019
		Total	5,254,989	

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

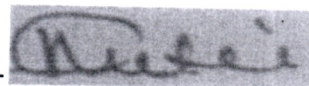
Ag. Finance Manager

Ag. Head of Accounting Unit

Sign



Sign



THE NAIROBI METROPOLITAN AREA TRANSPORT AUTHORITY (NaMATA)
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	ENTITY NAME:	THE NAIROBI AREA TRANSPORT AUTHORITY (NaMATA)		
	Break down of Transfers from the State Department of Public Works			
	PERIOD 2018-2020			
a.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		1/4/2019	4,482,538	FY 2018/2019
		Total	4,482,538	

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

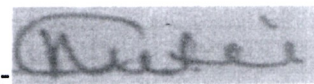
Ag.Finance Manager

Sign



Ag.Head of Accounting Unit

Sign-



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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State department of Public Works	1/4/2019	Development	4,482,538	4,482,538	-	-	-	-	4,482,538
State department of Housing and Urban Development	8/3/2019	Recurrent	4,000,000	4,000,000	-	-	-	-	4,000,000
State department of Housing and Urban Development	9/7/2019	Development	500,000,000	500,000,000	-	-	-	-	500,000,000
State department of Housing and Urban Development	4/6/2020	Development	59,449,374	59,449,374	-	-	-	-	59,449,374
State department of Housing and Urban Development	8/6/2020	Recurrent	5,250,000	5,250,000	-	-	-	-	5,250,000
State department of Housing and Urban Development	23/1/2019	Recurrent	8,000,000	8,000,000	-	-	-	-	8,000,000
State department of Housing and Urban Development	24/12/2019	Recurrent	5,250,000	5,250,000	-	-	-	-	5,250,000
State department of Housing and Urban Development	25/09/2019	Recurrent	5,250,000	5,250,000	-	-	-	-	5,250,000
State department of Housing and Urban Development	27/3/2020	Recurrent	5,250,000	5,250,000	-	-	-	-	5,250,000
State department of Housing and Urban Development	various	Direct Payments	5,254,989	5,254,989	-	-	-	-	5,254,989
Total			602,186,901	602,186,901	-	-	-	-	602,186,901

