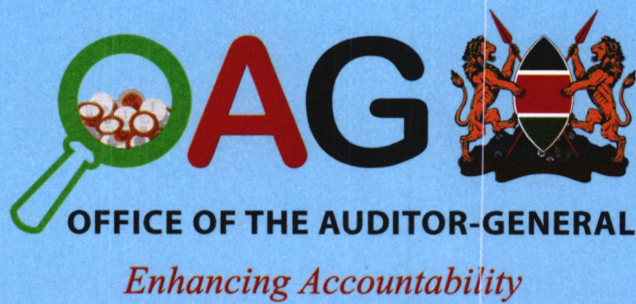
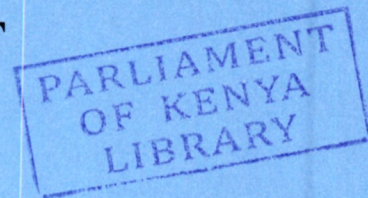


REPUBLIC OF KENYA



REPORT



OF

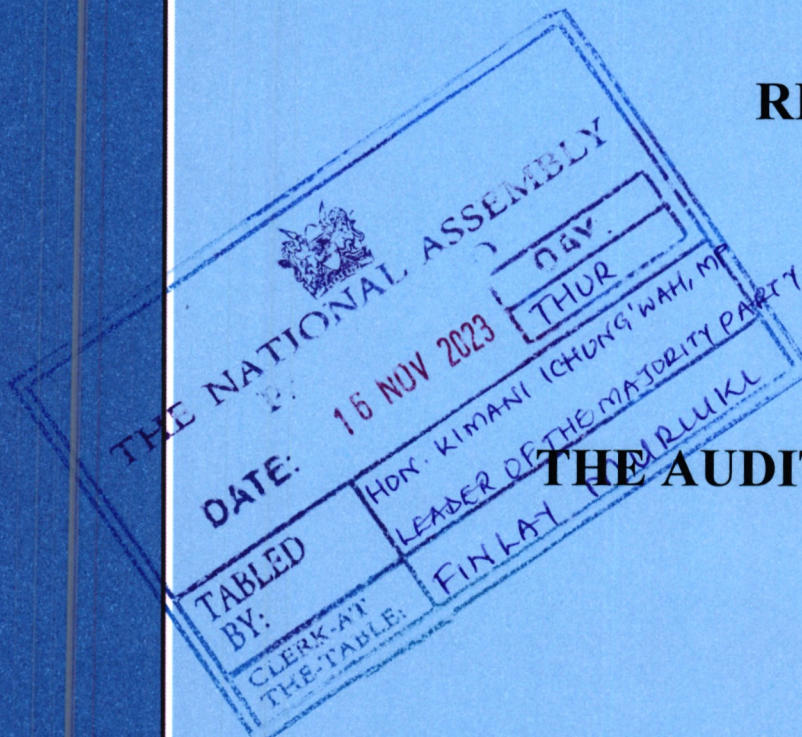
THE AUDITOR-GENERAL

ON

**TIMBOROA-ELDORET ROAD
REHABILITATION PROJECT NO.
P-KE-DBO-019 (LOAN NO. 2100150023344)**

**FOR THE YEAR ENDED
30 JUNE, 2023**

KENYA NATIONAL HIGHWAYS AUTHORITY





MINISTRY OF ROADS & TRANSPORT



Kenya National Highways Authority

Quality Highways, Better Connections

PROJECT NAME: TIMBOROA ELDORET ROAD REHABILITATION

IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY

PROJECT GRANT/CREDIT NUMBER: LOAN ID NO 2100150023344

PROJECT NO P-KE-DBO-019

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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

Timboroa Eldoret Road Rehabilitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

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1. Acronyms and Glossary of Terms

AfDB	African Development Bank
CBK	Central Bank of Kenya
CPA	Certified Public Accountant
EIA	Environmental Impact Assessment
ESIA	Environmental Social Impact Assessment
ESMP	Environment and Social Management Plan
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KeNHA	Kenya National Highways Authority
Kshs.	Kenya Shillings
MoRT	Ministry of Roads and Transport
NEMA	National Environment Management Authority
TNT	National Treasury
PAPs	Project Affected Persons
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
SDG	Sustainable Development Goals
UAC	Unit of Account

2. Project Information and Overall Performance

2.1 Name and registered office

Timboroa Eldoret Rehabilitation Project

Objective:

The key objective of the project is to as serves as a major transit route for traffic to and from Uganda, Rwanda, Burundi, Eastern Democratic Republic of Congo and Southern Sudan, in addition to promoting the national socio-economic development and is part of the wider Northern Corridor International Trunk Road

- a) Improve the efficiency of road transport along the northern corridor
- b) Improve the institutional capacity and arrangement in the urban transport subsector
- c) Promote private sector participation in operation, Financing and management of transport sector

Address: Barabara Plaza,
Jomo Kenyatta International Airport (JKIA)
Off Mazao Road

Contacts:
Director General
Kenya National Highways Authority
Po Box 49712-00100
Nairobi
Telephone: (254) 020 495000
E-mail: dg@Kenha.co.ke
Website: www.kenha.co.ke

2.2 Project Information

Project Start Date:	23 rd March 2011
Project End Date:	16 th July 2016
Project Engineer	Eng George Amingh
Project Sponsor:	African Development Bank (AfDB)

Project Information and Overall Performance (Continued)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department of Roads on behalf of Ministry of Roads & Transport.
Project number	P-KE-DBO-19
Strategic goals of the project	The strategic goals of the project are as follows: <ul style="list-style-type: none"> • To Connect Kenya and other parts of East & Central African • To facilitate trade and movement of people in East and Central African by improving the transit time and cutting transport cost.
Achievement of strategic goals	The project management aims to achieve the above goals through the following means: <ul style="list-style-type: none"> • Rehabilitation of already deteriorated road that is in poor condition to reduce transportation cost and transit time • Involving the local communities and community-based organisations in monitoring conditions along the road, including preservation of the road signs. This will assist in dealing with environmental issues and the guarding against damages and the theft to road signs and road Infrastructure
Other important background information of the project	The project is jointly financed by the African Development Bank and the Government of Kenya. In the financing agreement, AfDB contribution is 89.6% of the construction cost and GOK contribution is 10.4%. whereas supervision consultancy is fully financed by AfDB
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none"> • Reducing Transport cost and travel time between Nairobi and Kampala. • Improvement of transportation of farm inputs and produces to and from the project area. • Improvement of standard of living of people in towns along the corridor.
Project duration	The project started on 23 rd March 2011 and ended on 16 th July 2016

2.4 Bankers

NCBA Bank Ltd
NIC House Branch
Po Box 44599
Nairobi

Cooperative Bank of Kenya Ltd
Upper Hill Branch, Nairobi

Project Information and Overall Performance (Continued)

National Bank of Kenya Ltd
Hill Branch, Nairobi

2.5 Independent Auditor Auditor General
Office of the Auditor General
P.O Box 30084-0100
Nairobi

2.6 Roles and Responsibilities

List of the people who are working on the project.

Names	Title Designation	Key Qualification	Responsibilities
Eng. Henry Gakuru	Ag. Director-Development	Registered Civil Engineer	Project Implementing Team Leader
Eng. George Aming	Deputy Director-Development	Registered Civil Engineer	Project Engineer
Mr. Walter B. Nyatwang'a	Deputy Director Environment & Social Interests	Environmental & Social Specialist	Project Safeguards Specialist
Ms. Levina K. Wanyonyi	Deputy Director-Supply Chain Management	Registered KISM	Project Procurement Specialist
Mr. Chanje Kera	Deputy Director-Finance & Accounts	CPA (K)	Project Financial Specialist

Project Information and Overall Performance (Continued)

2.7 Funding summary

The Project duration was from 23rd March 2011 to 16th July 2016 with an approved budget of Unit of Account (UAC) 30,184,430 equivalent to Kshs 4,215,044,439 at the Exchange rate of Kshs. 139.643 and Kshs 1,201,564,645 as highlighted in the table below:

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitments		Amount received to date (30.06.2023)		Undrawn balance to date (30.06.2023)	
	UAC	Kshs	UAC	Kshs	UAC	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') – (B')
(i) Loan						
African Development Bank (ADB)	30,184,430	4,215,044,358	30,184,430	4,215,044,349	-	-
(ii) Counterpart Funds						
Government of Kenya	-	1,201,564,645	-	1,201,564,645	-	-
Total	30,184,430	5,416,609,003	30,184,430	5,416,608,994	-	-

B. Application of Funds

Application of funds	Amount received to date- (30th June 2023)		Cumulative Amount paid to date-(30th June 2023)		Unutilised balance to date	
	UAC	Kshs	UAC	Kshs	UAC	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') – (B')
i) Loan						
African Development Bank (ADB)	30,184,430	4,215,044,349	30,184,430	4,215,044,349	-	-
(ii) Counterpart Funds						
Government of Kenya	-	1,201,564,645	-	1,201,564,645	-	-
Total	30,184,430	5,416,608,994	30,184,430	5,416,608,994	-	-

Project Information and Overall Performance (Continued)

2.8 Summary of Overall Project Performance:

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

	2022/2023			Cumulative		
	Budget	Actual	%	Budget	Actual	%
Counterpart Funds - Gok	-	-	-	1,254,261,706	1,184,410,531	94%
Miscellaneous Receipt	-	668,585	-	-	17,154,114	-
Grant from External Development Partners	-	-	-	6,100,000,000	4,215,044,349	69%
Total	-	668,585	-	7,354,261,706	5,416,608,994	74%

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

The project was 100% complete by the end of FY 2016/2017 and handed over to the Authority.

iii. Absorption rate for each year since the commencement of the project.

FY	Budget	Actual	%
2022/23	-	668,585	-
2021/22	-	790,172	-
2020/21	-	754,711	-
2019/20	3,944,045	3,240,805	82%
2018/19	198,500,000	186,720,470	94%
2017/18	88,953,554	42,264,288	48%
2016/17	45,033,000	4,310,902	10%
2015/16	509,000,000	430,822,492	85%
2014/15	1,800,000,000	1,628,028,057	90%
2013/14	1,928,536,689	1,494,589,760	77%
2012/13	1,865,000,000	947,141,884	51%
2011/12	915,294,418	677,276,868	74%
TOTAL	7,354,261,706	5,416,608,994	74%

Project Information and Overall Performance (Continued)

iv. List the implementation challenges and recommended next steps

Item No.	Implementation Challenges	Recommended Next steps
1	Problems with space availability in the road reserve	KeNHA surveyors were incorporated to undertaken survey works to help with the land appropriation.
2	Changes in land use within urban areas that are not addressed by the contract design	The Consultant was requested to consider revisions to the design that would make the ultimate completed works appropriate for the intended use.
3	Delay in payment of all Interim Payment Certificates by the GoK.	Avail adequate budgets for subsequent projects.

a) Comment on value for money achievements.

- The project procurement process was conducted through International Competitive Bidding (ICB) which results in excellent value for money.
- The authority (KeNHA) had put in place adequate checks & balances on appointment of the works supervision consultant who oversaw the project implementation on daily basis in consultation and subsequent approvals from the employer and the bank.
- In addition to works supervision, the consultant undertook design review prior to commencement of road construction works to reduce conflict during the project implementation.
- Regular auditing of the project by the Authority's Internal Auditors, External Auditors and Quality Assurance Departments.
- Project site review meetings by the Development Partners through supervision missions
- Monthly site meetings that involve the employer, the consultant and the contractor

2.9 Summary of Project Compliance:

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

3. Statement of Performance Against Project's Predetermined Objectives

Introduction

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

The key development objectives of the project are to:

- a) Improve transport movements between Kenya and Uganda, Rwanda, Burundi, DRC and Southern Sudan for the benefit of the region and population of the project area.
- b) Contribute to improve the reliability of the transport infrastructure system to promote economic growth and socio-economic development in a socially and environmentally sustainable way

Progress on attainment of Strategic development objectives

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

Objective	Outcome	Indicator	Performance
To improve transport movements between Kenya and Uganda, Rwanda, Burundi, DRC and Southern Sudan for the benefit of the region and population of the project area.	<ul style="list-style-type: none"> • Transport cost and travel time between Nairobi and Kampala reduced. • Improved economic and living standard of people in towns along the corridor. • Improved transportation of farm inputs and produces to and from the project area. 	<ul style="list-style-type: none"> • Transport and shipping costs. • Travel time for imports and exports. • Volume of transit goods • Agricultural output transported to major markets. • Jobs created. 	<ul style="list-style-type: none"> • Port of Mombasa transit goods to/from Uganda Burundi, Rwanda, DRC and Southern Sudan to increase from 5.83 million tons in 2010 to 9.61 million tons in 2015. • Average transport cost from Mombasa to Kampala of US\$ 0.195 per ton km from Mombasa to Kampala in 2010 reduced to USD 0.137 per ton km by 2015. • Travel (journey) time for heavy vehicles of 24 hours between Nairobi and Malaba (border of

*Timboroa Eldoret Road Rehabilitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Objective	Outcome	Indicator	Performance
			<p>Kenya and Uganda) in 2010 reduced by 25% to 18 hours by 2015.</p> <ul style="list-style-type: none"> • Tonnage of agricultural product to be transported from the project area to increase by 32% from 0.2 million in 2010 to 0.26 million in 2015
<p>Contribute to improve the reliability of the transport infrastructure system to promote economic growth and socio-economic development in a socially and environmentally sustainable way.</p>	<p>Increased transit cargo and Intra-regional trade between Kenya and Uganda, Rwanda, Burundi, Democratic Republic of Congo and southern Sudan.</p>	<p>Increased volume of imports and exports.</p>	<p>Transit cargo to increase from 6.3 million tons in 2010 to 10.45 million tons in 2015.</p>

4. Environmental and Sustainability Reporting

4.1 Sustainability strategy and profile

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

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

4.2 Environmental performance

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

4.3 Employee welfare

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

4.4 Market place practices

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

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

Environmental and Sustainability Reporting (Continued)

4.5 Community Engagements

During the implementation of the Project, the Authority is committed to remaining a responsible corporate citizen by being accountable for its actions through engaging in Public Participation. The Project's goal in terms of community engagement is to ensure that the projects foster long-term relationships with stakeholders and communities around the project. The aim is not just to build roads that foster development but to ensure collaboration with the local communities to achieve sustainable development. The project staff is also encouraged to give back to society by participating in the Authority's corporate social responsibility projects.

The Contractor has been involved in various CSR activities geared towards improving local resident's lives. The people living in the project area, the local traders, business community and service providers and road users are among the direct beneficiaries of the project. In addition to reducing travel time and traffic accidents, the project generated employment for the domestic construction industry and the community in the project area. The project also allocated at least 20% of unskilled jobs to women. The employees of the project as well as the local community benefited from the HIV/AIDS and road safety awareness programs included in the project.

To enhance social safeguards in projects, the Authority undertakes Resettlement Action Plan (RAP) studies and implements its recommendations, carries out Social Impact Assessments (SIA), undertakes gender mainstreaming and conduct stakeholders' forum to sensitize the public in several cross-cutting issues.

5. Statement of Project Management Responsibilities

The Director General and the Project Implementation Team Leader for Timboroa Eldoret Road Rehabilitation Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

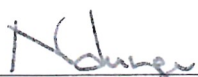
The Director General and the Project Implementation Team Leader for Timboroa Eldoret Road Rehabilitation Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance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

The Director General and the Project Implementation Team Leader for Timboroa Eldoret Road Rehabilitation Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader for Timboroa Eldoret Road Rehabilitation Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Project financial statements

The Project financial statements were approved by the Director General and the Project Implementation Team Leader for Timboroa-Eldoret Road Rehabilitation Project on 26 SEP 2023 and signed by them.



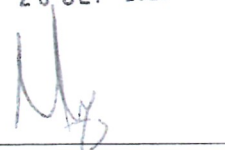
Eng. Kungu Ndungu
Director General

Date 26 SEP 2023



Eng. Henry Gakuru
Ag. Director -Development

Date 26 SEP 2023

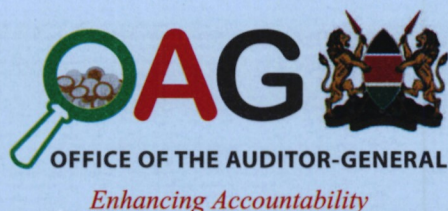


CPA Chanje Kera
Deputy Director (F&A)
ICPAK Member No.8279

Date 26 SEP 2023

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON TIMBOROA-ELDORET ROAD REHABILITATION PROJECT NO. P-KE-DBO-019 (LOAN NO. 2100150023344) FOR THE YEAR ENDED 30 JUNE, 2023 - KENYA NATIONAL HIGHWAYS AUTHORITY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Timboroa-Eldoret Road Rehabilitation Project set out on pages 1 to 22, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance,

Report of the Auditor-General on Timboroa-Eldoret Road Rehabilitation Project No. P-KE-DBO-019 (Loan No. 2100150023344) for the year ended 30 June, 2023 - Kenya National Highways Authority

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Timboroa-Eldoret Road Rehabilitation Project as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Timboroa-Eldoret Road Rehabilitation Project Act, 2019

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Timboroa-Eldoret Road Rehabilitation Project 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

Unresolved Prior Year Audit Issues

Various prior year audit issues remained unresolved as at 30 June, 2023. Although the issues were indicated as resolved, the Management did not provide evidence on how they were resolved since Senate had not discussed the report and made recommendations.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with 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.

As required by the Financing Agreement 9774KE, I report based on my audit, that:

- i. I have not obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have not been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements are not in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain 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 cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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 Fund's 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 Management.
- Conclude on the appropriateness of 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 Project'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 Project 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 Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

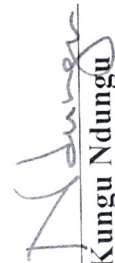
13 October, 2023

*Timboroa Eldoret Road Rehabilitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

7. Statement of Receipts and Payments for The Year Ended 30th June 2023


	Note	2022/23		2021/22		Total	Cumulative to date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payments controlled by the entity	Payments made by third parties		
		Kshs.	Kshs.	Kshs.	Kshs.		
RECEIPTS							
Transfer from Government entities	1	-	-	-	-	-	1,184,410,531
Loan from external Development Partners	2	-	-	-	-	-	4,215,044,349
Miscellaneous Receipt	3	668,585	-	790,172	-	-	17,154,114
TOTAL RECEIPTS		668,585	-	668,585	-	-	5,416,608,994
PAYMENTS							
Purchase of Goods & Services	4	-	-	-	-	-	15,577,640
Acquisition of non-financial assets	5	-	-	-	-	-	5,375,204,651
Other grants and transfers/payments	6	19,437,030	-	19,437,030	-	-	25,826,703
TOTAL PAYMENTS		19,437,030	-	19,437,030	-	-	5,416,608,994
SURPLUS/DEFICIT FOR THE YEAR		(18,768,445)	-	(18,768,445)	790,172	-	-

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


Eng. Kungu Ndungu
Director General


26 SEP 2023

Date


Eng. Henry Gakuru
Ag. Director -Development

26 SEP 2023

Date


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

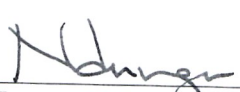
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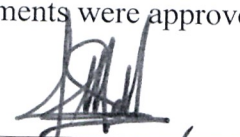
Date


8. Statement of Financial Assets as at 30th June 2023

	Note	2022/23	2021/22
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7	-	18,768,445
TOTAL FINANCIAL ASSETS		-	18,768,445
FINANCIAL LIABILITIES			
Payables - Retentions		-	-
NET ASSETS		-	18,768,445
REPRESENTED BY:			
Fund balance b/fwd	8	18,768,445	17,978,273
Surplus/Deficit for the year		(18,768,445)	790,172
NET FINANCIAL POSITION		-	18,768,445

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 26 SEP 2023 and signed by:


Eng. Kungu Ndungu
Director General


Eng. Henry Gakuru
Ag. Director -Development


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

Date 26 SEP 2023

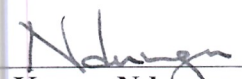
Date 26 SEP 2023


Date 26 SEP 2023


9. Statement of Cashflow for the Period Ended 30th June 2023

	Note	2022/2023	2021/2022
Receipts for operating income			
Transfer from Government entities	1	-	-
Proceeds from domestic and foreign grants		-	-
Miscellaneous receipts	3	668,585	790,172
Payments for operating expenses			
Compensation of employees		-	-
Purchase of goods and services	4	-	-
Social security benefits		-	-
Transfers to other government entities		-	-
Other grants and transfers/payments	6	(19,437,030)	-
Net cash flow from operating activities		(18,768,445)	790,172
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	2	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(18,768,445)	790,172
Cash and cash equivalent at BEGINNING of the year		18,768,445	17,978,273
Cash and cash equivalent at END of the year		-	18,768,445

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 26 SEP 2023 and signed by:


 Eng. Kungu Ndungu
 Director General


 Eng. Henry Gakuru
 Ag. Director -Development


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

Date 26 SEP 2023

Date 26 SEP 2023


Date 26 SEP 2023

*Timboroa Eldoret Road Rehabilitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

10. Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 23


Receipts/Payments Item	Original Budget		Adjustments	Final Budget		Actual on Comparable Basis	Variance	% Var
	a	b		c=a+b	d			
Receipts								
Transfers from Government entities	-	-	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	668,580	668,580	(668,580)	-
Total Receipts	-	-	-	-	668,580	668,580	(668,580)	-
Payments								
Purchase of goods and services	-	-	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-	-	-
Other grants and transfers/payments					19,437,030	19,437,030	(19,437,030)	-
Total Payments	-	-	-	-	19,437,030	19,437,030	(19,437,030)	-
Surplus/Deficit	-	-	-	-	(18,768,445)	(18,768,445)	18,768,450	-

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


Eng. Kungu Ndungu
Director General


26 SEP 2023

Date


Eng. Henry Gakuru
Ag. Director -Development

26 SEP 2023

Date


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

26 SEP 2023

Date

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

The financial statements are for Timboroa-Eldoret Road Rehabilitation Project under the Kenya National Highways Authority. The financial statements are for the reporting entity Timboroa-Eldoret Road Rehabilitation as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

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

d) Recognition of receipts

Timboroa-Eldoret recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) Transfers from the Exchequer

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

ii) External Assistance

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

Significant Accounting Policies (Continued)

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

Significant Accounting Policies (Continued)

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

f) In-kind donations

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

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

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

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

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

Significant Accounting Policies (Continued)

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

There were no contingent liabilities in the year.

k) Contingent Assets

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

l) Pending bills

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

Significant Accounting Policies (Continued)

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, Kshs Nil billion being loan disbursements were received in form of direct payments from third parties.

o) Exchange rate differences

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

Significant Accounting Policies (Continued)

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior year adjustments in the FY 2022/2023

12. Notes to The Financial Statements

1. Receipts from Government of Kenya

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

	FY 2022/2023	FY 2021/2022	Cumulative to-date
	Kshs	Kshs	
Counterpart funding through Ministry of Transport and Infrastructure			
Counterpart funds Quarter 1	-	-	978,762,642
Counterpart funds Quarter 2	-	-	122,705,709
Counterpart funds Quarter 3	-	-	10,686,303
Counterpart funds Quarter 4	-	-	72,255,877
Total			1,184,410,531

2. Loan from External Development Partner

During the 12 months to 30 June 2023, we received no funding from Development Partners.

Name of Donor	Date Received	Loans Received as Direct payments	Total amounts in Kshs.		Cumulative to date
			FY 2022/23	FY 2021/22	
		Kshs	Kshs	Kshs	
Loans Received from Multilateral Donors					
African Development Bank (ADB)	22/2023	-	-	-	4,215,044,349
Total		-	-	-	4,215,044,349

3. Miscellaneous Receipts

Name of Donor	2022/23	2021/22	Cumulative to date
	Kshs	Kshs	Kshs
Bank Interest	668,585	790,172	17,154,114
Total	668,585	790,172	17,154,114

Notes to The Financial Statements (Continued)

4. Purchase of Goods & Services

Description	FY 2022/23			FY 2021/22	Cumulative to-date
	Payments Made by the Entity in Cash	Payments made by third parties	Total Payments	Payments made by third parties	
	KSh	KSh	KSh	Kshs	Kshs
Domestic Travel & Subsistence	-	-	-	-	15,577,640
Total	-	-	-	-	15,577,640

5. Acquisition of Non-Financial Assets

	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity	Payments Made by Third Party	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Research, studies, project preparation, design & supervision	-	-	-	-	310,191,907
Rehabilitation of Roads	-	-	-	-	5,065,012,744
Total	-	-	-	-	5,375,204,651

6. Other grants and transfers/payments

	FY 2022/23			FY 2021/22	Cumulative
	Receipts and payments controlled by the entity	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Bank Charges	-	-	-	-	6,389,673
Transfer to Equity Bank	19,437,030	-	19,437,030	-	19,437,030
Total	19,437,030	-	19,437,030	-	25,826,703

Notes to The Financial Statements (Continued)

7. Cash and Cash Equivalents

	2022/23	2021/22
	Kshs	Kshs
Bank accounts (Note 7)	-	18,768,445
Total local currency balances	-	18,768,445

7A Bank Accounts

	2022/23	2021/22
	Kshs	Kshs
NCBA Bank Ltd (A/C No 1000017384)	-	18,768,445
Total local currency balances	-	18,768,445

8. Fund Balance Brought Forward

	2022/23	2021/22
	KShs	KShs
Bank accounts	-	18,768,445
Total	-	18,768,445

Other Important Disclosures

1) Pending Accounts Payable

During the Financial year 2022/23 there was no pending bills. (FY2021/2022Nil)

TIMBOROA ELDORET ROAD REHABILITATION PROJECT
Reports and Financial Statements For the financial year ended June 30, 2023

13. Annexes
Annex 1- Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Other Matter	Management comments	Status: (Resolved / Not Resolved)	Timeframe
1	<p>Basis for Disclaimer of Opinion Presentation of the Financial Statements</p> <p>The financial statements did not contain the following information as required in the Annual Financial Reporting Template, (Revised 30 June, 2022) for projects reporting issued by the Public Sector Accounting Standards Board:</p> <ol style="list-style-type: none"> i. Key qualifications for the officials involved in the implementation of the project; ii. Physical progress based on outputs, outcomes, and impacts since project commencement. iii. The absorption rate for each year since the commencement of the project; iv. The implementation challenges and recommended way forward; v. The heading for Annex 2 on page 18 of the financial statements is incorrectly indicated as Reconciliation of Inter-Entity Transfer instead of Summary of Fixed Assets 	<p>The draft financial statements submitted for statutory audit on 31 August 2022 inadvertently omitted the information. This was a regrettable error, and the financial statements were subsequently amended to include the information listed under (a-e) of the audit observation. The amended financial statements were submitted to OAG on 02 December 2022 alongside the response to Draft Audit Report.</p>	Resolved	Continuous


*Timboroa Eldoret Road Rehabilitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

	<p>Inaccuracies in the Financial Statements</p> <p>The schedule on application of funds under project information and overall performance reflects amount received and cumulative amount paid as at 30 June, 2022 of Kshs.5,415,940,409 and Kshs.5,397,171 ,964 respectively. The audited financial statements for the year ended 30 June 2021 reflects amount received and cumulative amount paid of Kshs.5,399,454,880 and Kshs.5,390,782,291 respectively. However, the statements of receipts and payments for the year ended 30 June, 2022 reflects nil amounts received as loan and transfer from Government entities. Similarly, the statement reflects nil expenditure balance for the year. The movement of Kshs.16,485,529 and in the amount received and the movement in the amount paid of Kshs.6,389,623 during the year ended 30 June, 2022 has not been explained or reconciled.</p>	<p>As explained during the audit process and also in the responses to the draft audit report, we wish to clarify that the financial statement for the FY 2020/21 under note 1.7 (funding summary) had omitted the interest income and bank charges hence the resulting total receipts under the sources and application of funds were under stated by the accumulative interest income of Kshs 15,695,357 while the total payments were understated by the bank charges amount of Kshs 6,389,673. The unutilized cash balance under note 1.7(b) application of funds was therefore understated by Kshs 9,305,684, hence a similar variance between the closing balance under note 1.7(b) and the amount reported under the statement of financial assets which had a closing cash balance of Kshs 17,978,273 against unutilized balance under note 1.7(b) of Kshs 8,672,589.</p> <p>The above understatement of Kshs 9,305,684 in prior year financial statements has been corrected in the current financial year. Further, a note on prior year adjustments has been introduced in the current year financial statements to explain this adjustment. Please refer to note 9 the financial statements in the attached amended financial statements.</p>	<p>Resolved</p> <p>Continuous</p>
<p>3</p>	<p>Cash and Cash Equivalents</p> <p>The statement of assets as disclosed in note 7 to the financial statements reflects bank balance of Kshs.18,768,445 as at 30 June 2022. However, the supporting documents including cashbook,</p>	<p>We wish to note that the below listed documents were provided to the audit team during the audit exercise and also submitted during responses to the draft audit report.</p>	<p>Resolved</p>


Timboroa Eldoret Road Rehabilitation Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

	<p>monthly bank reconciliation statements, bank statements and bank balance certificate as at 30 June, 2022 were not provided for audit review. Further, the Management did not explain the failure to surrender the unutilized funds to the National Treasury considering that the project ended in July, 2016.</p>	<p>a) Bank reconciliation statements for the months of July 2021 to June 2022 b) Cashbook for the period 01/07/2021 to 30/06/2022 c) Bank statements for the months of July 2021 to June 2022 d) Certificate of cash balance as at 30/06/2022</p> <p>The closing cash balance represents interest income earned from the bank deposits and is not supposed to be surrendered to National Treasury but form part of authority's revenue to be budgeted and expended as approved by the Board.</p>	Continuous
4	<p>Unsupported Receipts</p> <p>Note 3 to the financial statement reflects interest income of Kshs.790,172. However, supporting documents including bank statements, cashbook and ledgers were not provided for audit review.</p>	<p>The below listed information was provided during the audit process and also availed together with the responses to the audit draft report.</p> <ol style="list-style-type: none"> 1. Schedule of Interest income earned during the financial year 2. Bank statements for the months of July 2021 to June 2022 3. Cashbook ledger for the period July 2021 to June 2022 	Resolved Continuous


 Eng. Kungu Ndungu
 Director General

Date 26 SEP 2023


 Eng. Henry Gakuru
 Ag. Director Development

Date 26 SEP 2023

TIMBOROA ELDORET ROAD REHABILITATION PROJECT
Reports and Financial Statements For the financial year ended June 30, 2023

Annex 2 - Variance Explanations - Comparative Budget and Actual Amounts for FY 2022-2023

	Final Budget	Actual on Comparable Basis	Budget Utilisation Variance	% of Utilisation Variance to Final Budget	Comments on Variance
	a	b	c=a-b	d=b/a %	
RECEIPTS DURING THE YEAR/PERIOD					
Government of Kenya	-	-	-	0%	
External financing	-	-	-	0%	
Miscellaneous receipts	-	668,580	(668,580)		
TOTAL RECEIPTS	-	668,580	(668,580)		Interest Income
PAYMENTS DURING THE YEAR/PERIOD					
Purchase of goods and services	-	-	-		
Acquisition of non-financial assets	-	-	-		
Other grants and transfers/payments	-	19,437,030	(19,437,030)	-	
TOTAL PAYMENTS	-	(18,768,450)	18,768,450		

*Timboroa Eldoret Road Rehabilitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Annex 3 – Reconciliation of Inter-entity transfer

Asset class	Opening Cost (KShs) 2022/2023	Purchases/Additions in the Year (KShs) 2022/2023	Disposals in the Year (KShs) 2022/2023	Closing Cost (KShs) 2022/2023
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Construction of Roads	5,375,204,651	-	-	5,375,204,651
Total	5,375,204,651	-	-	5,375,204,651