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REPORT

	
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THE AUDITOR-GENERAL

ON

**NAIROBI MISSING LINK ROADS AND
NON-MOTORISED TRANSPORT FACILITIES
(GRANT NO. KE/FED/022-951)**

**FOR THE YEAR ENDED
30 JUNE, 2020**

KENYA URBAN ROADS AUTHORITY



**PROJECT NAME: NAIROBI MISSING LINK ROADS AND NON-MOTORISED
TRANSPORT FACILITIES -KENYA**

IMPLEMENTING ENTITY: KENYA URBAN ROADS AUTHORITY (KURA)

PROJECT FINANCING GRANT NUMBER: KE/FED/022-951

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

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NAIROBI MISSING LINK ROADS AND NON-MOTORISED TRANSPORT FACILITIES – KENYA

Project Financing Grant Number: KE/FED/022-951

Reports and Financial Statements for the financial period ended June 30, 2020

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Nairobi Missing Link Roads and Non-Motorised Transport Facilities - Kenya.

Objective: The key objective of the project is to attain a sustainable and safe road network that facilitates economic growth and the improvement in living standards. The present project contributes to implementation of the Master Plan Urban Transport in the Nairobi Metropolitan Area (2006-2025) report published in March 2006 (JICA – funded) which proposes the development of a hierarchical and functional road network by introducing bypass roads, radial/circumferential/arterial routes to improve traffic operations and alleviate congestion within the city and its outskirts.

Address: Project headquarters office is in Nairobi, Nairobi County, Kenya.

The address of its registered office is:

Kenya Urban Roads Authority
P.O Box 41727-00100
Barabara Plaza, Mazao Road –off South Airport Road, JKIA
NAIROBI.

Contacts: The following are the project contacts

Telephone: (254) (02) 8013844
E-mail: info@kura.go.ke
Website: www.kura.go.ke

1.2 Project Information

Project Start Date:	The project start date is 5 th May, 2014
Project End Date:	The project end date is 31 st December 2020
Project Manager:	The project manager is Eng. (Dr.) T. Nyomboi
Project Sponsor:	The project sponsor is European Union

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works
Project number	CONTRACT No: FED/2013/334-756 SERVICE CONTRACT No.: FED/2012/310-318

Strategic goals of the project	The strategic goals of the project are as follows: (i) implementation of the Master Plan Urban Transport in the Nairobi Metropolitan Area (2006-2025) report published in March 2006 (JICA – funded) which proposes the development of a hierarchical and functional road network by introducing bypass roads, radial/circumferential/arterial routes to improve traffic operations and alleviate congestion within the city and its outskirts. (ii) Attain a sustainable and safe road network that facilitates economic growth and the improvement in living standards.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Construction of link roads and service roads (ii) Construction of grade separated junctions to improve traffic operations and alleviate congestion within the city and its outskirts.
Other important background information of the project	Contract Sum (Works Contract) EURO 51.1M (KES 5.68Billion) EU component – 67.15% (EURO 28M) GOK Component - 32.85% (Kshs. 2.5B) Supervision Consultancy Contract EUR 3,045,015.00 (Approx. Kshs. 334,951,650) EU component – 100 % GOK Component - 0%
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Introducing bypass roads, radial/circumferential/arterial routes to improve traffic operations and alleviate congestion within the city and its outskirts.
Project duration	The project started on May, 2014 and was expected to be completed by November, 2016. However due to unforeseen circumstances the completion date was not achieved and a revised date was proposed and approved to be 31st December, 2020

1.4 Bankers

The following are the bankers for the current year:

The following are the bankers for the current year:

(i) Special Accounts

The project has no special deposit accounts

(ii) Other accounts

National Bank of Kenya,
A/C No. 01001032626600,
Hill Branch.

1.5 Auditors

The project is audited by the Office of the Auditor General

1.6 Roles and Responsibilities

Below is a list of people working on the project:

Name	Key qualification	Title/ Designation	Responsibilities
Eng. (Dr.) T. Nyomboi	PhD (Eng. Systems Science), MPhil (Civil & Structural Eng.), B. Tech (Civil and Structural Eng.) Reg. Eng. ERB/EBK, MIEK	Project Manager	- Project Team leader - Overall management and monitoring of all projects - Undertake contract negotiations - Ensure reports are prepared and submitted on time - Liaise with EU on project activities - Attend POC and PITL briefings/ meetings - Publication of awards/ Reports in EU client connection.
Eng. P. N. Mwogi	BSc. Civil Eng., Reg. Eng. EBK, MIEK	Deputy Project-Manager/ Resident Engineer	- Preparation of plans & budgets - Prepare bidding and other contractual documents - Undertake contract negotiations - Preparations of reports - Monitor projects progress
Saadia H Adan Khalif	MBA, B.B.A, MCPIs, MKISMS	Procurement Specialist	Prepare and co-ordinate all procurement activities in accordance with the applicable guidelines

Mr. Seth Odera Omondi	MPhil. Environmental Studies (Planning and Management), B.A Sociology, NEMA Lead Expert.	Project Environment alist	- Preparation and monitoring of projects EIAs, and licence follow up with NEMA - Coordinates all social activities of the project (PAPS etc).
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1.7 Funding summary

The Project was for duration of 30 Months (2.5 years) from May, 2014 to November, 2016 with an approved budget of Euro € 43,495,435 equivalent to Kshs 4,775,800,000 as highlighted in the table below..

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date		Undrawn balance to date	
			(30th June, 2020)		(30th June, 2020)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(Euro)		(Euro)		(Euro)	
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
i) GRANT SUMMARY						
European Union (EU)	31,123,015	3,403,800,000	31,117,492	3,361,375,819	5,523	42,424,181
ii) COUNTERPART FUNDS						
Government of Kenya	12,495,435	1,372,000,000	29,522,755	3,241,601,416	(17,027,320)	(1,869,601,416)
Total Funding Summary	43,618,450	4,775,800,000	60,640,247	6,602,977,234	(17,021,797)	(1,827,177,234)

NB. The counterpart funds in the table above are the amount paid for road works, Land compensation, services relocation and resettlement plan of project affected persons.

1.8 Summary of Overall Project Performance:

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

The project involves construction of the identified Missing link Roads, rehabilitation of arterial roads (total 17.2km); construction of two new grade separated interchanges and 11.7km of dedicated NMT facilities (cycle tracks + footpaths).

During the year under review, the Project received KShs 541 Million as GoK funding and Direct EU payments amounting to Kshs 196 Million and incurred a cumulative expenditure of KShs 737 million. Funds received as exchequer counterpart under the project were used to pay for road works.

Physical progress based on outputs, outcomes and impacts since project commencement

The project contract period has been revised to be 77 Months therefore extending the completion date to 31st December, 2020.

Value-for-money achievements

A total of 17.8Km have been tarmacked under the project. The project was substantially handed over as of 30th June 2020. The project implementation has been completed at the approved funding.

Absorption rate for each year since the commencement of the project

The project budgetary absorption over the years it has been under implementation is as shown below:

Finacial Year	% of Utilization
FY 2014-15	81%
FY 2015-16	100%
FY 2016-17	100%
FY 2017-18	74%
FY 2018-19	94%
FY 2019-20	98%

The project has been substantially handed over with the Physical progress estimated at 97% as at 30th June, 2020. The remaining works are to be completed during the defects liability period.

Project implementation challenges and recommended way forward

During the project implementation a number of challenges were experienced including; Presence of services on the road corridor including water, sewer, electricity poles and others, encroachment to the Road corridor and constructed areas by businesses, illegal dumping of wastes along the road corridor and along the drain, high traffic on the construction areas, slow release of funding by the exchequer which in turn impacted on working capital for the contractor.

All above challenges have been overcome allowing completion of project

1.9 Summary of Project Compliance:

The Program has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority was issued for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of the donors, the latter have been applied.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED 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's 2018-2022* plan is to attain sustainable, safe roads network that facilitates economic growth, employment and improvement in social economic living standards.

The specific objective is to contribute to the implementation of master plan for urban transport in the Nairobi Metropolitan area (2006-2025) and thereby improve traffic operations and traffic management within Nairobi city and its outskirts.

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:

Project	Objective	Outcome	Indicator	Performance
Nairobi Missing Link Roads and Non-Motorised Transport Facilities - Kenya.	Construction and improvement of identified critical Missing Link Roads and Non-motorized Transport facilities in Nairobi	improved traffic operations and reduced congestion within the city and its outskirts	45 lane kilometres of roads 15 kms of NMT	In FY 19/20 we increased motorable and passable roads and non-motorised transport facilities in the city

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile -

An adequate and quality road network is an important prerequisite for facilitating national and regional integration, promoting trade, economic development, contributing to poverty reduction and wealth creation and for achieving the objectives of Kenya Vision 2030 and beyond. Over the last two decades the Roads Sub-sector has undergone tremendous reforms aimed at providing a high quality road network to support Kenya economic development

The Kenyan Government's commitment on development continues to be seen through the improved budgetary allocation to the road sector for developmental projects. However, even with the increased allocation, there is still exists gap between financial resources available and the escalating urban road network demand driven by growing urban population. In its efforts to bridge the funding gap, the government has been considering alternative funding mechanisms including long term infrastructure bonds, public private partnerships as well as additional levies and licenses.

The Authority through the parent Ministry and the borrower, National Treasury, has partnered with the European Union which led to the construction of Nairobi Missing Link Roads and Non-motorised Transport facilities Kenya Project. The Authority has adhered to the strict safety requirements as set out by the donor.

2. Environmental performance

By their nature road works can potentially result in environmental hazard through for instance spillage of carbon products which may contaminate the surrounding land, dust and noise pollution, interference with the natural drainage resulting in soil erosion among others. Such potential damages and the mitigating measures are identified during the planning phase in line with the relevant legislation and government regulations.

The Authority's environmental policy is guided by the government policy and the global policy on environmental conservation. To address the air contamination issues, the Authority has put in place safety measures to safeguard the construction workers as well as other road users. These include dust suppression and controlling of speed of the construction related vehicles and machinery. At the tendering stage, the Authority requires the contractor to conduct training for workers about the importance of dust suppression and reduction.

Excessive noise emissions and ground vibrations are regulated by NEMA through the Environmental and Coordination (Noise and Excessive Vibration Pollution Control) regulations 2009. These regulations require mandatory Environmental Impact Assessment (EIA) on all construction projects. The Authority ensures that EIA reports are done and approved before commencement of works on all projects.

Implementation of the Environmental and Social Management Plan (ESMP) as developed and adopted during design including:

- Preparation of project specific ESMP
- Seek NEMA approval for all camp sites and material sources
- Implementation of the management actions
- Mid – term environment and social audits
- Decommission, rehabilitation and restoration activities
- Completion of audits and reporting.

The project was issued with Environmental Impacts Assessment (EIA) license as per the Environmental Management and Coordination Act (EMCA) during the period of project planning which enabled commencement of the works. The activities of the contractor are continuously reviewed to ensure compliance with the set measures, standards and guidelines.

3. Employee welfare

Stringent measures to safe guard the well-being of staff working under the project were put in place since the commencement of the project. The contractor is at all times expected to ensure compliance with the labour laws. This is in strict regard to the fact that the most significant asset of an organization is its human capital. Some of the measures include; ensuring employees are provided with the minimum medical cover in the country, adequate safety of staff including equipping them with the necessary safety gear to enhance service delivery.

Ensuring the welfare of employees is maintained helps improve industrial relations and boost the employee's morale.

4. Market place practices-

The Authority is committed to adhering to the quality standards and ensures value for money in all its expenditure. The Authority has developed a total quality assurance system for implementation of projects and operations as a whole. The total quality system covers all the Authority's activities from policy and regulations, to construction norms and standards, contract supervision and workmanship.

To safeguard road user's rights and interests the Authority has put in place interventions to educate the public on safe road use. This has been achieved by engaging advocacy strategies to create awareness on safe road use practices by utilizing the Safety parks as road use education centres, development of Information Education and Communication Materials on safe road use practices, conducting road safety audits to identify interventions that will mainstream safety in all our projects and establishment of feedback and complaints redress mechanisms.

5. Community Engagements-

The Authority has put in place a vibrant Community and Stakeholder Engagement framework that we continued to implement during the period under review. The Community engagement strategies deployed in this period were premised on creating awareness and public goodwill as well as collecting feedback on development and management of the National Urban Road Network.

KURA organised various meetings with members of community where the roads transverse to inform them of the activities and get their comments and expectations.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Director General*, Kenya Urban Roads Authority and the *Project Manager* for **Construction of Nairobi Missing Link Roads and Non-Motorised Transport Facilities - Kenya** 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 (period) ended on June 30, 2020. 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*, Kenya Urban Roads Authority and the *Project Manager* for **Construction of Nairobi Missing Link Roads and Non-Motorised Transport Facilities - Kenya** 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*, Kenya Urban Roads Authority and the *Project Manager* for **Construction of Nairobi Missing Link Roads and Non-Motorised Transport Facilities - Kenya** 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 (period) ended on June 30, 2020, and of the Project's financial position as at that date. The *Director General*, Kenya Urban Roads Authority and the *Project Implementation Team Leader* for **Construction of Nairobi Missing Link Roads and Non-Motorised Transport Facilities – Kenya** 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.

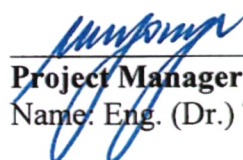
The *Director General*, Kenya Urban Roads Authority and the *Project Manager* for **Construction of Nairobi Missing Link Roads and Non-Motorised Transport Facilities - Kenya** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial period 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*, Kenya Urban Roads Authority and the *Project Manager* for **Construction of Nairobi Missing Link Roads and Non-Motorised Transport Facilities – Kenya** on 24 – 09 – 2020 and signed by them.



Director General
Name: Eng. S. Kinoti



Project Manager
Name: Eng. (Dr.) T. Nyomboi

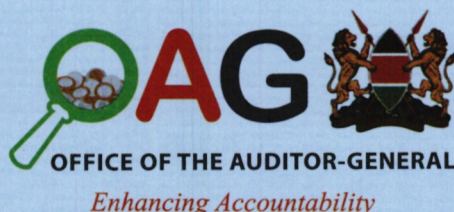


Project Accountant:
Nicholas Siele
ICPAK Member Number: 17529

**5. REPORT OF THE INDEPENDENT AUDITORS ON THE CONSTRUCTION OF
NAIROBI MISSING LINK ROADS AND NON-MOTORISED TRANSPORT
FACILITIES - KENYA PROJECT**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI MISSING LINK ROADS AND NON-MOTORISED TRANSPORT FACILITIES (GRANT NO. KE/FED/022-951) FOR THE YEAR ENDED 30 JUNE, 2020 – KENYA URBAN ROADS AUTHORITY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nairobi Missing Link Roads and Non-Motorised Transport Facilities Project set out on pages 1 to 19, which comprise of the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the statement of comparative budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with 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 Nairobi Missing Link Roads and Non-Motorised Transport Facilities Project as at 30 June, 2020, 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 financing agreement No.KE/FED/022-951 dated 18 January, 2012 between the European Commission and the Republic of Kenya. and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Nairobi Missing Link Roads and Non-Motorised Transport Facilities 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Pending Bills

As disclosed in Note 11.1 to the financial statements the Project had pending bills amounting to Kshs.454,310,178 as at 30 June, 2020. Management has not provided reasons for non-payment of the bills. The Project is at risk of incurring significant interest costs and penalties accruing from the continued delay in making payments.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delays in Project Implementation

Project Closure and Low Absorption of Project Funds

As disclosed under paragraph 1.2 and 1.7 on Project information and overall performance, the funding summary indicates that the Project was to be implemented within a duration of six and half (6.5) years commencing from 5 May, 2014 to 31 December, 2020, with a total expected credit of Kshs.3,403,800,000 equivalent to US\$311,23,015 from the Donor with counterpart funding amounting to Kshs.1,372,000,000 equivalent to US\$12,495,435. Examination of the latest monthly progress report number 69 of August, 2020 revealed that the Project was incomplete with physical progress of work at 97.5%. This indicative of the project running behind with only six (6) months to the closure of the Project.

Consequently, I am unable to confirm whether the public will receive value for money on the Project.

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 overall 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the European Commission, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I report based on my audit that: -

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

Responsibilities of Management and Board of Directors

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

23 December, 2020

NAIROBI MISSING LINK ROADS AND NON-MOTORISED TRANSPORT FACILITIES – KENYA

Project Financing Grant Number: KE/FED/022-951

Reports and Financial Statements for the financial period ended June 30, 2020

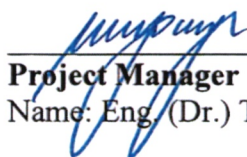
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Transfer from Government entities	10.3	541,175,309		185,547,166		3,241,601,415
Proceeds from domestic and foreign grants	10.4		196,620,513		247,001,331	3,361,375,819
Loan from external development partners	10.5					-
Miscellaneous receipts	10.6					-
TOTAL RECEIPTS		541,175,309	196,620,513	185,547,166	247,001,331	6,602,977,234
PAYMENTS						
Compensation of employees	10.7					-
Purchase of goods and services	10.8					-
Social security benefits	10.9					-
Acquisition of non-financial assets	10.10	541,175,309	196,620,513	185,547,166	247,001,331	6,602,977,234
Transfers to other government entities	10.11					-
Other grants and transfers and payments	10.12					-
TOTAL PAYMENTS		541,175,309	196,620,513	185,547,166	247,001,331	6,602,977,234
SURPLUS/(DEFICIT)		-	-	-	-	-

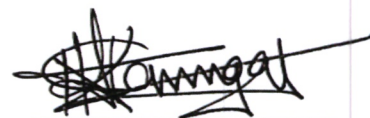
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Director General
Name: Eng. S. Kinoti



Project Manager
Name: Eng. (Dr.) T. Nyomboi



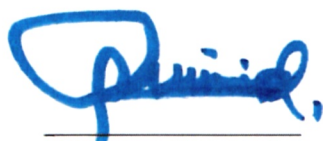
Project Accountant
Name: Nicholas Siele
ICPAK Member No. 17529

(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)

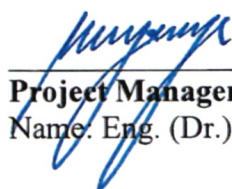
7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020

	Note	2019-2020	2018-2019
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10.13.A	-	-
Cash Balances	10.13.B	-	-
Cash Equivalents (short-term deposits)	10.13.C	-	-
Total Cash and Cash Equivalents		-	-
Accounts receivables – Imprest and Advances	10.14	-	-
TOTAL FINANCIAL ASSETS		-	-
REPRESENTED BY			
Fund balance b/fwd	10.15	-	-
Prior year adjustments	10.16	-	-
Surplus/(Deficit) for the year		-	-
NET FINANCIAL POSITION		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 24/09/ 2020 and signed by:



Director General
Name: Eng. S. Kinoti



Project Manager
Name: Eng. (Dr.) T. Nyomboi



Project Accountant
Name: Nicholas Siele
ICPAK Member No. 17529

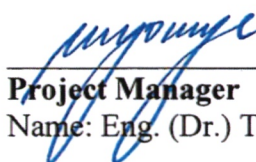
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

		2019-2020	2018-2019
	Note	KShs	KShs
Receipts from operating activities			
Transfer from Government entities	10.3	541,175,309	185,547,166
Proceeds from domestic and foreign grants	10.4	196,620,513	247,001,331
Miscellaneous receipts	10.6	-	-
Payments from operating activities			
Compensation of employees	10.7		
Purchase of goods and services	10.8		
Social security benefits	8.9		
Transfers to other government entities	10.11		
Other grants and transfers	10.12		
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	10.17		
Increase/(Decrease) in Accounts Payable: (deposits and retention)	10.18		
Prior Year Adjustments	10.16		
Net cash flow from operating activities		737,795,822	432,548,497
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	10.10	(737,795,822)	(432,548,497)
Net cash flows from Investing Activities		(737,795,822)	(432,548,497)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	10.5		
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		-	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		-	-

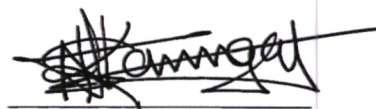
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 24/09/ 2020 and signed by:



Director General
Name: Eng. S. Kinoti



Project Manager
Name: Eng. (Dr.) T. Nyomboi

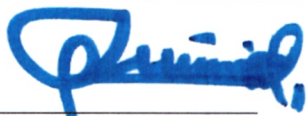


Project Accountant
Name: Nicholas Siele
ICPAK Member No. 17529

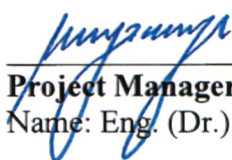
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	300,000,000	377,319,625	541,175,309	541,175,309	-	100%
Proceeds from domestic and foreign grants	70,000,000	138,000,000	208,000,000	196,620,513	11,379,487	95%
Proceeds from borrowings						
Miscellaneous receipts					-	
Total Receipts	370,000,000	515,319,625	749,175,309	737,795,822	11,379,487	98%
Payments						
Compensation of employees					-	
Purchase of goods and services					-	
Social security benefits					-	
Acquisition of non-financial assets	370,000,000	515,319,625	749,175,309	737,795,822	11,379,487	98%
Transfers to other government entities					-	
Other grants and transfers					-	
Total Payments	370,000,000	515,319,625	749,175,309	737,795,822	11,379,487	98%

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.



Director General
Name: Eng. S. Kinoti



Project Manager
Name: Eng. (Dr.) T. Nyomboi



Project Accountant
Name: Nicholas Siele
ICPAK Member No: 17529

10. NOTES TO THE FINANCIAL STATEMENTS

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

10.1. Basis of Preparation

10.1.1. 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.

10.1.2. Reporting entity

The financial statements are for the Project Construction of Nairobi Missing Link Roads and Non-Motorised Transport Facilities - Kenya under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.1.3. 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.

10.2. Significant Accounting Policies

a) Recognition of receipts

The Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.

- **Transfers from the Exchequer**

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

- **External Assistance**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Proceeds from borrowing

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

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

• **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 recognised in the financial statements the time associated cash is received.

b) Recognition of payments

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

• **Compensation of employees**

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

• **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.

• **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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 repayment of borrowing is handled by the borrower, The National Treasury, and not at the project management level.

- **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.

During the period ended 30th June, 2020 there were no acquisition of assets.

c) 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.

d) 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.

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

e) Accounts receivable

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.

f) 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:
 - (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 was no contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

There were no contingent liabilities under the project during the period ended 30th June 2020.

g) 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.

There were no contingent assets under the project during the period ended 30th June 2020.

h) Pending bills

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

i) Budget

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

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

j) 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 196,620,513 being grant disbursements were received in form of direct payments from third parties.

k) Exchange rate differences

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

There were no exchange rate differences under the project during period ended 30th June, 2020.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) 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.

m) 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, 2020.

n) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.3. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative to-date (from inception)
	KShs	KShs	
Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works			
Counterpart funds Quarter 1	-	45,547,166	1,216,598,604
Counterpart funds Quarter 2	210,000,000	54,555,202	732,415,353
Counterpart funds Quarter 3	210,000,000	15,444,798	728,349,167
Counterpart funds Quarter 4	121,175,309	70,000,000	564,238,291
Total	<u>541,175,309</u>	<u>185,547,166</u>	<u>3,241,601,415</u>

[Provide explanation as necessary noting that “Other transfers from government entities” is not the counterpart funding which is the government's share of contribution towards the implementation of the project as mandated by the Project Agreement.]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2019/20	2018/19
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
European Union	Various Dates	-	-	196,620,513		196,620,513	247,001,331
Total		-	-	196,620,513	-	196,620,513	247,001,331

* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that the adequate documents and support document is requested from the donors to support this grant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2020 there were no loans from external development partners.

10.6. MISCELLANEOUS RECEIPTS

During the 12 months to 30 June 2020 there were no miscellaneous receipts.

10.7. COMPENSATION OF EMPLOYEES

During the 12 months to 30 June 2020 there was no compensation of employees.

10.8. PURCHASE OF GOODS AND SERVICES

During the 12 months to 30 June 2020 there was no purchase of goods and services.

10.9. SOCIAL SECURITY BENEFITS

During the 12 months to 30 June 2020 there was no social security benefits.

10.10. ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Supervision of road works	-	38,676,255	38,676,255	67,939,494	351,781,332.08
Construction of roads	541,175,309	157,944,258	699,119,567	364,609,004	5,174,226,373
Relocation of Services/ Land Acquisition				-	1,076,969,529
Total	541,175,309	196,620,513	737,795,822	432,548,497	6,602,977,234

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, there was no transfer of funds to reporting government entities.

10.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS

During the 12 months to 30 June 2020, there was no other grants and transfers and payments

10.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD

During the 12 months to 30 June 2020, there was no cash and cash equivalents carried forward

10.13 A Bank Accounts **Project Bank Accounts**

During the 12 months to 30 June 2020, there were no funds held in the project bank accounts.

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2020 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

The project does not have special deposit accounts.

10.13B Cash In Hand

There was no cash in hand under the project in the period ending 30th June, 2020.

10.13C Cash equivalents (short-term deposits)

There was no Cash equivalents (short-term deposits) under the project in the period ending 30th June, 2020.

10.14. OUTSTANDING IMPRESTS AND ADVANCES

There was no outstanding imprests and advances under the project in the period ending 30th June, 2020.

10.15. FUND BALANCE BROUGHT FORWARD

There was no fund balances under the project in the period ending 30th June, 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.16. PRIOR YEAR ADJUSTMENT

During the 12 months to 30 June 2020 there was no prior year adjustments.

10.17. CHANGES IN RECEIVABLE

During the 12 months to 30 June 2020 there was no changes in receivable.

10.18. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

During the 12 months to 30 June 2020 there was no changes in accounts payable – deposits and retentions.

11. OTHER IMPORTANT DISCLOSURES

11.1. PENDING ACCOUNTS PAYABLE (See Annex 2A)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	351,118,224	840,987,776	737,795,822	454,310,178
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	351,118,224	840,987,776	737,795,822	454,310,178

11.2. 10.2 PENDING STAFF PAYABLES (See Annex 2B)

During the 12 months to 30 June 2020 there was no pending staff payables.

11.3. 10.3 OTHER PENDING PAYABLES (See Annex 2C)

During the 12 months to 30 June 2020 there was no other pending payables.

11.4. External Assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received in cash		
External assistance received as loans and grants	196,620,513	247,001,331
External assistance received in kind- as payment by third parties		
Total	196,620,513	247,001,331

a) External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received as loans		
External assistance received as grants	196,620,513	247,001,331
Total	196,620,513	247,001,331

b) Undrawn external assistance

Nairobi Missing Link Roads and Non-Motorised Transport Facilities –Kenya
Project Financing Grant Number: KE/FED/022-951
Reports and Financial Statements for the financial period ended June 30, 2020

	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
Description		Kshs	Kshs
Undrawn external assistance - loans			
Undrawn external assistance - grants	Works and Supervision services	55,931,228	252,551,741
Total		55,931,228	252,551,741

c. Classes of providers of external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Multilateral donors		
Bilateral donors	196,620,513	247,001,331
International assistance organization		
NGOs		
National Assistance Organization		
Total	196,620,513	247,001,331

The above funds were for road works and related supervision services.

d. Non-monetary external assistance

During the 12 months to 30 June 2020 there was no Non-monetary external assistance.

e....Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Other Payments - Acquisition of Non-Financial Assets	196,620,513	247,001,331
TOTAL	196,620,513	247,001,331

OTHER IMPORTANT DISCLOSURES (Continued)

f. External Assistance paid by Third Parties on behalf of the Entity by Source

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

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors	196,620,513	247,001,331
International assistance organization		
NGOs		
National Assistance Organization		
Total	196,620,513	247,001,331

12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

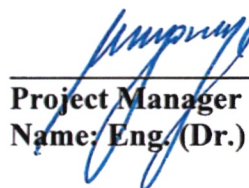
All issues raised by the external auditor were resolved.



Director General
Name: Eng. S. Kinoti

24/09/2020

Date



Project Manager
Name: Eng. (Dr.) T. Nyomboi

24/09/2020

Date

UIROBI MISSING LINK ROADS AND NON-MOTORISED TRANSPORT FACILITIES –KENYA

Project Financing Grant Number: KE/FED/022-951

Reports and Financial Statements for the financial period ended June 30, 2020

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual	Variance	% of Budget	Comments
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	541,175,309	541,175,309	-	100%	
Proceeds from domestic and foreign grants	208,000,000	196,620,513	11,379,487	95%	
Proceeds from borrowings	-	-	-		
Miscellaneous receipts	-	-	-		
Total Receipts					
Payments	749,175,309	737,795,822	11,379,487		
Compensation of employees	-	-	-		
Purchase of goods and services	-	-	-		
Social security benefits	-	-	-		
Acquisition of non-financial assets	749,175,309	737,795,822	11,379,487	98%	
Transfers to other government entities	-	-	-		
Other grants and transfers	-	-	-		
Total payments	749,175,309	737,795,822	11,379,487	98%	

explain all variance below 90% and above 100%

irobi Missing Link Roads and Non-Motorised Transport Facilities –Kenya
Project Financing Grant Number: KE/FED/022-951
Reports and Financial Statements for the financial period ended June 30, 2020

INEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services		Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
Construction of buildings							
Sub-Total							
Construction of civil works							
Reynolds Construction Co. (fig) Ltd	Works- IPC 39 (Donor)					103,134,442	
Reynolds Construction Co. (fig) Ltd	IPC 41					96,115,873	
Reynolds Construction Co. (fig) Ltd	IPC 40-Part 2	224,866,530		-	224,866,530	224,866,530	
Reynolds Construction Co. (fig) Ltd	IPC 47	2,617,371		-	2,617,371		
Reynolds Construction Co. (fig) Ltd	IPC 48	226,826,277		-	226,826,277		
Sub-Total		454,310,178	-	-	454,310,178	424,116,845	
Supply of goods							
Sub-Total							
Supply of services							
Sub-Total							
Grand Total		454,310,178	-	-	454,310,178	424,116,845	

Appendix I: Bank Reconciliations



KENYA URBAN ROADS AUTHORITY

Telephone: 020-8013844
Email: info@kura.go.ke
Website: www.kura.go.ke

Barabara Plaza, Mazao Rd, JKIA
P.O. Box 41727-00100

RESOLUTION OF THE BOARD OF DIRECTORS OF KENYA URBAN ROADS AUTHORITY APPROVING THE FINANCIAL STATEMENTS FOR FY2019/2020

WHEREAS at the 84th Regular Meeting of the Board of Directors of Kenya Urban Roads Authority held on 24th September 2020 at the Barabara Plaza 4th Floor Boardroom and through tele/videoconference at Nairobi, the following Board Members were present:-

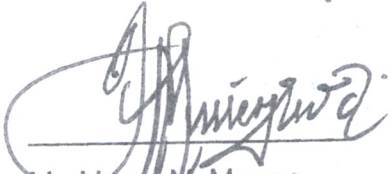
1. Mr. Henry M. Murwa - *[Chairing]*
2. Mr. Isaac N. Githui
3. Mr. Joseph G. Kiarui
4. Eng. James M. Kung'u
5. Mr. Tarayia Ole Kores
6. Eng. Charles M. Chiuri
7. Mr. Basil N. Nyagah
8. Eng. Silas M. Kinoti - *[Director General/Board Secretary]*

WHEREAS the Board of Directors reviewed and deliberated on the Annual Report & Financial Statements of the Authority for the period ending 30th June 2020;

BE IT RESOLVED that the Board duly approved and adopted the Annual Report & Financial Statements of the Kenya Urban Roads Authority covering FY2019/2020 as presented.

IT WAS SO RESOLVED.

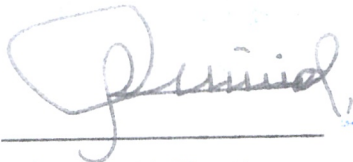
Signed:



Mr. Henry M. Murwa

Board Member/Chairing

Date: 24.09.2020



Eng. Silas M. Kinoti

Director General/Board Secretary

Date: 24/09/2020