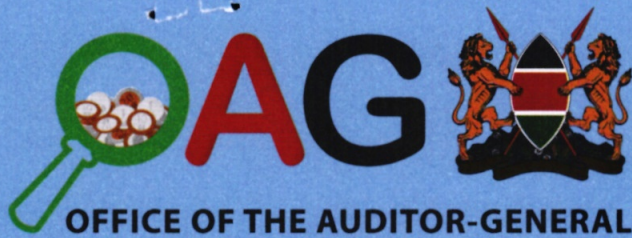
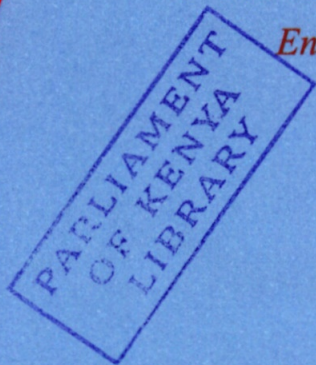


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 DEC 2024	DAY: Thursday
TABLED BY:	Hon. Kimani Ichung'uah (Leader of the Majority Party)
OF	Anastada

THE AUDITOR-GENERAL

ON

**KENOL-SAGANA-MARUA HIGHWAY
IMPROVEMENT PROJECT (P-KE-DBO-037)
CREDIT NOs.5050200000901 AND 2000200004504**

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

KENYA NATIONAL HIGHWAYS AUTHORITY

OFFICE OF THE AUDITOR GENERAL
P.O. BOX 4 - 00100, NAIROBI
REGISTRY
07 NOV 2024
RECEIVED



MINISTRY OF ROADS & TRANSPORT



Kenya National Highways Authority

Quality Highways, Better Connections

PROJECT NAME: KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY

**PROJECT ID: -ADB LOAN ID P-KE-DB0-037
PROJECT CREDIT Nos. 505020000901 & 2000200004504.**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

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KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

1. Acronyms and Definition of Terms

AfDB	African Development Bank
AGTF	Africa Growing Together Fund
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
SIA	Social Impact Assessment

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

2. Project Information and Overall Performance

2.1 Name and registered office

Project Name	Kenol - Sagana - Marua Highway Improvement Project
---------------------	--

Project Objectives	<p>a) To enhance movement of goods/ services (trade) and people between the counties in Central, Eastern Kenya and the capital city, Nairobi and also links with Ethiopia.</p> <p>b) Contribute to the social and economic development by providing more efficient and effective transport system.</p>
---------------------------	--

Project Registered Office and Physical Location:	The project headquarters offices are at Barabara Plaza, Jomo Kenyatta International Airport, Nairobi, Off Mazao Road (Opposite KCAA Headquarters)
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Project Address	P.O. Box 49712-00100 Nairobi
------------------------	---------------------------------

Contacts:	Telephone: 020-8013842; Email dg@kenha.co.ke; Website www.kenha.co.ke
------------------	---

2.2 Project Information

Project Start Date:	9 th January, 2020
Project End Date: Lot 1	6 th October, 2023 revised to 15 th March 2025
Project End Date: Lot 2	18 th October 2023 revised to 9 th July 2025
Project Manager:	Eng. H. Gakuru – Director, Development Eng. C. Makau – Project Engineer.
Project Sponsor:	African Development Bank (AfDB)/ Africa Growing Together Fund (AGTF) Government of Kenya
Line Ministry/State Department	The project is under the supervision of the State Department of Roads on behalf of Ministry of Roads & Transport.
Project number	P-KE-DB0-037

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Project Information and Overall Performance (Continued)

2.3 Project Overview

Strategic goals of the Project	<p>The project management aims to achieve the goals through the following means: -</p> <ul style="list-style-type: none"> (i) To support the transport infrastructure sector to attain sustainable, safe roads network that facilitates economic growth and the improvement in living standards. (ii) To promote trade and regional integration. (iii) To improve road transport services by reducing travel time and vehicle operating cost 																					
Achievement of strategic goals	Implementation of the project in timely, efficient and effective manner.																					
Other important background information of the project	<p>PROJECT COMPONENTS AND COSTS - LOAN</p> <table border="1" data-bbox="507 864 1321 1104"> <thead> <tr> <th></th> <th>Foreign Exchange Cost</th> <th>Total Cost</th> </tr> <tr> <th></th> <th>Euro</th> <th>Euro</th> </tr> </thead> <tbody> <tr> <td>A. Civil Works</td> <td></td> <td></td> </tr> <tr> <td>ADB</td> <td>178,020,000</td> <td>178,020,000</td> </tr> <tr> <td>AGTF</td> <td>31,150,000</td> <td>31,150,000</td> </tr> <tr> <td>Government of Kenya</td> <td>48,510,000</td> <td>48,510,000</td> </tr> <tr> <td>TOTAL</td> <td>257,680,000</td> <td>257,680,000</td> </tr> </tbody> </table> <p>The total cost of the Project is EUR 257.68 million. The Project is co-financed by the AfDB (69%), Africa Growing Together Fund (12 %) and Government of Kenya (19%). The overall implementation period is 5 years (2020 – 2025).</p> <p>PROJECT BACKGROUND: -</p> <p>The project road is part of the Kenyan section of Trans-Africa Highway, TAH4 (Cairo to Cape), through Nairobi on to Moyale. The project road also links the Capital City Nairobi to some of the major commercially and agriculturally rich Mt Kenya region as well as to Ethiopia through the Moyale border. The Project consists of the dualling of 84 km of the Kenol – Sagana – Marua Road with grade separated junctions, road safety interventions and social complementary initiatives. The project also includes soft components such as training of unemployed youth; institutional capacity building; monitoring and evaluation; sensitization and awareness; tree planting, among others.</p> <p>LOCATION AND EXTENT OF WORKS</p> <p>The proposed new dual carriageway is a Class A International Trunk Road, approximately 84 kms long. The project area in Central and upper Eastern region of Kenya covers five counties of Muranga, Machakos, Embu, Kirinyaga and Nyeri.</p>		Foreign Exchange Cost	Total Cost		Euro	Euro	A. Civil Works			ADB	178,020,000	178,020,000	AGTF	31,150,000	31,150,000	Government of Kenya	48,510,000	48,510,000	TOTAL	257,680,000	257,680,000
	Foreign Exchange Cost	Total Cost																				
	Euro	Euro																				
A. Civil Works																						
ADB	178,020,000	178,020,000																				
AGTF	31,150,000	31,150,000																				
Government of Kenya	48,510,000	48,510,000																				
TOTAL	257,680,000	257,680,000																				

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

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

Current situation that the project was formed to intervene	The existing road is a two-way single carriageway of bitumen standard, which is congested with high accident rate making transport costly and a threat for life. The road therefore is proposed for upgrading to dual carriageway to reduce travel cost and improve road safety.
Project duration	Lot 1 started on 9 th January 2020 and is expected to run until 15 th March 2025 and Lot 2 started on 18 th October 2023 and is expected to run until 9 th July 2025.

2.4 Bankers

Co-operative Bank of Kenya Ltd
Upper Hill Branch, Nairobi

National Bank of Kenya Ltd
Hill Branch, Nairobi

2.5 Independent Auditor

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

2.6 Roles and Responsibility

No	Names	Title Designation	Key Qualification	Responsibilities
1	Eng. Henry Gakuru	Director-Development	Registered Civil Engineer	Project Implementing Team Leader
2	Eng. Cleophus Makau	Deputy Director-Development	Registered Civil Engineer	Project Engineer
3	Mr. Walter B. Nyatwang'a	Deputy Director Environment & Social Interests	Environmental & Social Specialist	Project Safeguards Specialist
4	Ms. Levina K. Wanyonyi	Deputy Director-Supply Chain Management	Registered KISM	Project Procurement Specialist
5	Mr. Chanje Kera	Deputy Director-Finance & Accounts	Certified Accountant	Project Financial Specialist

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Project information and overall performance (continued)

2.7 Funding summary

The project is for duration of five years with an approved budget of EURO 257,680,000 equivalent to Kshs. 29,463,131,200 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitments		Amount received to date (30th June 2024)		Undrawn balance to date (30th June 2024)	
	EURO	Kshs	EURO	Kshs	EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') – (B')
(i) Grant						
AGTF	31,150,000	3,561,691,000	16,823,345	1,923,581,268	14,326,655	1,638,109,732
(ii) Loan						
AfDB	178,020,000	20,354,806,800	92,992,558	10,632,769,129	85,027,442	9,722,037,671
(iii) Counterpart Funds						
Government of Kenya	48,510,000	5,546,633,400	-	5,022,104,501	-	524,528,899
Total	257,680,000	29,463,131,200	109,815,903	17,578,454,898	99,354,097	11,884,676,302

NOTE: Contract exchange rate- Kshs. 114.34

B. Application of Funds

Application of funds	Amount received to date- (30th June 2024)		Cumulative Amount paid to date-(30th June 2024)		Unutilised balance to date	
	EURO	Kshs	EURO	Kshs	EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') – (B')
(i) Grant						
AGTF	16,823,345	1,923,581,268	16,823,345	1,923,581,268	-	-
(ii) Loan						
AfDB	92,992,558	10,632,769,129	92,992,558	10,632,769,129	-	-
(iii) Counterpart Funds						
Government of Kenya	-	5,022,104,501	-	5,022,104,501	-	-
Total	109,815,903	17,578,454,898	109,815,903	17,578,454,898	-	-

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

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: -

	2023/2024			Cumulative		
	Budget	Actual	%	Budget	Actual	%
Counterpart Funds - Gok	1,450,069,048	518,000,000	36%	7,280,898,908	5,022,104,501	69%
Loan from External Development Partners	1,500,000,000	1,249,293,878	83%	16,490,000,000	12,556,350,397	76%
Total	2,950,069,048	1,767,293,878	60%	23,770,898,908	17,578,454,898	74%

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

The physical progress as at 30th June,2024; **Lot 1 Dualling of Kenol-Sagana (A2) Road** was substantially taken over on the 14th March 2024 and is under Defect Notification Period (DNP) and for **Lot 2 Dualling of Sagana-Marua (A2) Road** was substantially taken over on the 7th February 2023 and is under Defect Notification Period (DNP).

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

FY	Budget	Actual	%
2023/24	2,950,069,048	1,767,293,878	49%
2022/23	5,950,829,860	3,818,634,603	64%
2021/22	8,310,000,742	8,310,000,742	100%
2020/21	5,969,999,258	3,654,552,708	61%
2019/20	590,000,000	27,972,967	5%
Total	23,770,898,908	17,578,454,898	74%

Comment on value-for-money achievements.

- The authority (KeNHA) had put in place adequate checks & balances on appointment of the works consultant supervision who oversaw the project implementation on daily basis on consultation and subsequent approvals from the employer and the bank.
- In addition to works supervision, the consultant undertook design review prior to commencement of roads 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.
- 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.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that the Accounting Officer include statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The key development objectives of the project are to:

- a) Improve road transport services along the corridor by reducing travel time and vehicle operating costs.
- b) Mitigating traffic congestion and associated emissions.
- c) Improving road safety along the road.

Progress on the attainment of Strategic development objectives

To implement and cascade 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 to track progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Kenol - Sagana - Marua Highway Improvement Project	Improve road transport services along the corridor by reducing travel time and vehicle operating costs;	Increased efficiency in transportation within the counties in Central, Eastern, Nairobi city and linkage with Ethiopia.	Reduction in travel time and vehicle operating costs	Both Lot 1 and 2 have been substantially taken over.
	Mitigating traffic congestion and associated emissions;	Reduced traffic congestion and associated emissions.	Better traffic movements and less emission.	Both Lot 1 and 2 have been substantially taken over.
	Improving road safety along the road.	Better road safety and reduction in accidents	Reduction in the number of accidents.	Both Lot 1 and 2 have been substantially taken over.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

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

4. Environmental and Sustainability Reporting

Kenol – Sagana - Marua Highway Improvement Project exists to transform lives. This is our purpose; the driving force behind everything we do. It’s what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

i. Sustainability strategy and profile

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

- a) *Good health and well-being (SDG 3)*: The Authority strives to undertake Road Safety Audits to identify accident black spots, implement intervention measures and provide road safety education to reduce accidents;
- b) *Gender Equality (SDG 5)*: The Authority encourages mainstreaming of gender equality in project and programmes by incorporating compliance to one third gender rule in procurement and recruitment;
- c) *Industry, innovation and infrastructure (SDG 9)*: The Authority 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.

ii. Environmental performance

The Authority is working towards ensuring environmental sustainability in projects by undertaking tree planting exercises, implementation of road beautification programs, enforce reinstatement of quarries and borrow pits after construction works, 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.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Environmental and Sustainability reporting (Continued)

iii. 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.

iv. Marketplace practices

a) Responsible Supply chain and supplier relations

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.

b) Responsible ethical practices

The Authority equally sensitizes staff on anticorruption and integrity issues.

c) Regulatory impact assessment

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.

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

v. Community Engagements

During the implementation of the Project, the Authority 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 project 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 are also encouraged to give back to society by participating in the Authority's corporate social responsibility projects.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Environmental and Sustainability reporting (Continued)

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.

The Project has undertaken some CSR activities such as training of unemployed youth, institutional capacity building, monitoring and evaluation, sensitization and awareness and tree planting.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

5. Statement of Project Management Responsibilities

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

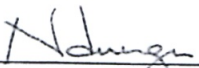
The Director General, KeNHA and the Project Management accept responsibility for the project's Financial Statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with the International Public Sector Accounting Standards.


The Director General, KeNHA and Project Management are of the opinion that the Project financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June, 30, 2024 and the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader further confirm that 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 on the adequacy of the systems of internal financial control.


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

Approval of the Project financial statements

The project financial statements were approved by the Director General, KeNHA and Project Implementation Team Leader 19 JUL 2024 and signed by:


Eng. Kungu Ndungu, MBS
Director General


Eng. Henry Gakuru
Director, Development


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

REPUBLIC OF KENYA



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON KENOL-SAGANA-MARUA HIGHWAY IMPROVEMENT PROJECT (P-KE-DBO-037) CREDIT NOS.5050200000901 AND 2000200004504 FOR THE YEAR ENDED 30 JUNE, 2024 - KENYA NATIONAL HIGHWAYS AUTHORITY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) set out on pages 1 to 19, which comprise of the statement of financial assets as at 30 June, 2024, and the statement of receipts

Report of the Auditor-General on Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Credit Nos.5050200000901 and 2000200004504 for the year ended 30 June, 2024 - Kenya National Highways Authority

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreements Credit No.5050200000901 and No.2000200004504 dated 09 January, 2020 between Republic of Kenya and the African Development Bank 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 the Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) 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.

Emphasis of Matter

1. Pending Bills

Note 9 and Annex 6 to financial statements reflect pending accounts payable balance of Kshs.3,663,028,046 which includes acquisitions of land, construction of roads and consultancy services amounts of Kshs.2,461,673,627, Kshs.1,198,282,335 and Kshs.3,072,084 respectively. Although Management has committed to liaise with the line Ministry and the National Treasury for adequate budgetary allocation and timely exchequer releases for prompt payments in the subsequent financial year, the Project is at risk of incurring unquantified significant interest costs and penalties with the continued delay in making payments for invoiced bills.

Failure to clear pending bills in the year to which they relate distorts the budget of the following year as they constitute a first charge on that budget.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,950,069,048 and Kshs.1,767,293,878 respectively resulting to an under-funding of Kshs.1,182,775,170 or 40% of the budget. Similarly, the project spent Kshs.1,754,309,140 against an approved budget of

Kshs.2,950,069,048 resulting to an under-expenditure of Kshs.1,195,759,908 or 41% of the budget.

The under-funding and under-expenditure will delay the overall completion of the project and may affect service delivery to the public.

My opinion is not modified in respect of these matters.

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 Information

Conclusion

The Management is responsible for the other information set out on page iii to xii which comprise of project information and overall performance, statement of performance against project's predetermined objectives, environmental and sustainability reporting and statement of project's Management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

Basis for Conclusion

In connection with my audit on the Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Management financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Project Implementation

1.1 Lot 1 - Dualling of Kenol-Sagana (A2) Road – 48 Km

As reported previously, the Government of Kenya awarded a contract of Kshs.8,496,537,823 to an international Contractor on 05 August, 2020 for the dualling of Kenol-Sagana (A2) road (48km) vide contract No.KeNHA/CS/D/302312020 for a period of thirty-six (36) months. The commencement date of the contract was 07 October, 2020 with an expected completion date 06 October, 2023

Physical verification revealed that the contractor is working under Defect Liability period which is ending on 6 March, 2025. In the circumstances, it was not possible to confirm the defect liability period for the pending works.

According to the Engineer's report dated September, 2024, the percentage of weighted overall work completed (physical progress) stood at 105% against planned 100% (including estimated preliminaries and materials on site, and financial progress of 89% against 84%) based on appraisal no. 2 addendum 3). Further, the amount certified to date for the contract as advance payment was Kshs.1,123,530,189 and for work done and materials on site was totaling Kshs.9,618,876,924 (113%) inclusive of interest on delayed payments on Interim Payment Certificate (IPC) No. 29. In addition, the time elapsed was 48.8 Months. Based on the analysis, it was noted that the contract was behind the programmed or planned physical progress.

The project's scope of work included the following: -

- i. Provision of accommodation facilities to the Engineers representatives, maintenance of the existing roads, site clearance, milling of the existing Bituminous layers, preparation of the subgrade including improved subgrade in some sections to receive the pavement layers as per the standard specifications, provision of 150 mm thick cement stabilized crushed stone sub base, provision of 125-150 mm thick Dense Bitumen Macadam base and provision of 50 mm thick Asphalt Concrete surfacing to carriageway and 35mm to shoulders.
- ii. Provision of single surface dressing 10/14mm pre-coated chippings to carriageway, provision of vehicular access and access culverts from roadside properties, provision of installation of road furniture as specified, construction of new box/pipe culverts with appropriate inlet and outlet structures scour protection works, installation of erosion control and erosion protection works, construction of new bridges in reinforced concrete and structural steel works and rehabilitation of existing ones and construction of grade separated junction (interchange) at Makutano area as per drawings and construction of access roads, service roads and other selected social amenities in selected town sections.

- iii. Installation of street lights along main towns, construction of footbridges at selected sections, provision of road safety campaigns, accident prevention and training, HIV/ AIDS awareness campaigns, onsite and offsite Environmental management and monitoring and maintenance works during construction and a 12 months' defect liability period.

The audit inspection exercise carried out in the month of September, 2024 revealed the following: -

(i) Project progress report were as follows;

Bills of Quantity Item	Status
Foot bridges	From the progress report, out of the 5 No. of bridges proposed, 4 No. bridges were at 70% completion while one was yet to commence due to failure on the acquisition of land by the National Land Commission.
Trauma Centre	The works were ongoing with an engineer's estimate of 35% to completion.
Roadside Markets	5 No. has not been constructed due to failure on acquisition of land.
Boda Boda Shades	The number of bodaboda shades could not be confirmed since Kenya National Highway Authority had not approved the request from the Contractor.
Access roads	27Km out of 36 Km has not been completed.

(ii) Failure to Relocate Powerline Posts

The relocation of powerlines was from Km 0+00 to Km 27+480 whose payment totalling Kshs.8,773,753 was made directly to Kenya Power and Lightening Company Limited by Kenya National Highway Authority based on payee's quotation. The payment was for relocation of all the powerline posts for Lot 1. Physical inspection carried out in September, 2024 at Kenol revealed that 18 No. powerline poles had not been relocated though paid for. Review of Kenya power correspondence Ref.T25522023050001 dated 18 July, 2024 revealed that Kenya Power raised another quotation of Kshs.13,000,000 for the remaining eighteen (18 No.) posts. This made the client reduce the number of poles to be relocated from 18No. to 4No. whose quotation had not been provided for approval. Failure to relocate the posts, therefore, compromised the scope of work as per the contract on the width of the service road from 9M to 5M while the footpath had to be omitted due to lack of space.

In the circumstances, value for money on the Kshs.8,773,753 paid to Kenya Power and Lightning Company Limited and envisaged benefits from civil works could not be confirmed.

(iii) Nugatory Expenditure

(a) Compensation of Buildings and Businesses

Note 9 and Annex 6 to financial statements discloses pending accounts payable balance of Kshs.3,663,028,046 which includes acquisitions of land, construction of roads and consultancy services amounts of Kshs.2,461,673,627, Kshs.1,198,282,335 and Kshs.3,072,084 respectively.

The balance of Kshs.2,461,673,627 on land acquisition includes Kshs.1,188,670,182 on land acquisition at Karatina town through compensation to business owners whose buildings are to be demolished however, the original approved map in respect to the dual carriage was not provided for audit review.

In the circumstances, the authenticity of Kshs.1,188,670,182 payable on proposed land acquisition in Karatina town could not be confirmed.

(b) Extended Consultancy Services

Consultancy services for the construction supervision of Lot 1 dual of Kenol - Sagana (A2) Road vide contract number KeNHA /CS/D/023/2020 was awarded to a consultancy firm at a contract price of USD 1,003,914 and Kshs.256,734,047 exclusive of VAT. This was to end in August, 2023. However, the delayed completion of works by the main contractor due to failure to acquire land and relocation of power line posts resulted to a variation of the contract to USD 1,371,209 and Kshs.308,132,051 (exclusive of VAT) on 11 July, 2024. This resulted to an increase in costs by of USD 367,295 and Kshs.51,398,004.

Further, a penalty on interest for late payment on interim payment certificate No.29 totalling Kshs.24,992,420.27 was charged on 27 July, 2023.

1.2 Lot 2: Dualling of the Sagana-Marua (A2) Road Section - 36Km

The Government of Kenya entered into a contract with a foreign contractor on 30 July, 2020 for the dualling of Sagana-Marua (A2) road (36Km) vide contract No. KeNHA/RD/D3022/2020 for a period of thirty-six (36) months. The commencement date of the contract was 19 October, 2020 and therefore the expected completion date was 18 October, 2023. However, there was a revised contract completion date to 10 July, 2025.

Original contract sum was set at Kshs.6,115,038,571 including contingencies. This was revised to Kshs.9,146,922,301 including contingencies.

According to Project brief for September, 2024 the percentage of weighted overall work completed (physical progress) stood at 87% against the programmed target of 99% (Main carriageway works). Based on the analysis, it was noted that the contract was behind schedule of the programmed or planned physical progress.

i. The Project's scope of major work items outlined in the contract and the appraised quantities are as tabulated below;

- (a) Completed a total of 65.00 Km of site Clearance / topsoil stripping.
- (b) Completed a total of 60.93Km of bottom subgrade layer.
- (c) Completed a total of 56.93 Km of top subgrade layer.
- (d) Completed laying a total of 56.84 Km of cement improved (with 3.5%) graded crushed stone (GCS) 150mm thick layer.
- (e) All completed GCS layer sections have been primed with MC-70.
- (f) Completed laying a total of 56.050 km of Dense bitumen Macadam (DBM) 125mm thick layer.
- (g) Completed laying a total of 50.90 km of Asphalt Concrete (AC) 50mm thick layer with 0.3% by weight dosage of anti-rutting additive.
- (h) Completed a total of 41.88 Km of Surface dressing works.
- (i) Completed a total of 9.10 Km of Road marking works.
- (j) Completed construction of 264 No. access pipe culverts along the project road.
- (k) Completed construction of 107 No service ducts along the project road.

Review of records revealed that the overall physical progress achieved as at September, 2024 was 86.99% against the programmed target of 98.80% (for main road works). The delay was as a result of relocation of community pipelines which were not identified during feasibility study however, identified while the construction was ongoing therefore, the contractor had to stop for the relocation to take place. Further, relocation of ICT was also at 62% due to lack of space.

Management did not provide evidence on public participation at the initial stage which would have identified and addressed delay issues identified.

ii. Pending Works on Lot 2 Section of the Road

The following pending works were noted from the monthly progress report;

BQ Item	Observations
Surface Dressing	17.28Km out of 72Km has not been completed
Road marking	39.1Km out of 72Km has not been completed
Box culverts	6No. out of 32No. has not been completed.

BQ Item	Observations
Kibingoti Market	Construction has not commenced although land has been identified by the County Government.
Access Culverts	110No. out of 450No. has not been completed
Pipe Culverts	254m out of 5850m has not been completed
Binder course (AC)	14.19km out of 72km has not been completed
Box culverts	6no out of 32No has not been completed
Guard rails	9,677m out of 25,000m has not been completed
Jersey Barrier	2,150m out of 4,500m has not been completed
Road signs	188 out of 307 Road signs have not been completed
Service road	2.23Km out of 4km has not been completed
Access road	21.65Km out of 23.35Km has been completed
Autism Unit at Karatina Special School	The Contractor has completed construction. However, the Unit has not been equipped hence not serving the intended purpose.
Marua Bridge	The project is ongoing and is at 70% level of completion.
Karatina Modern park	Design works are complete and submitted to county government of Nyeri for approval. Construction is yet to commence because of lack of identified land.
Street Lighting	222No. Construction is yet to commence.
Road side Market	4No. Construction is yet to commence because of lack of identified land.
Boda boda sheds	The design of boda boda sheds is complete and a sample has been done awaiting approval from Kenya National Highways Authority.
Foot bridges	Construction has commenced in 2No. out of 5No.

iii. Delays in Land Acquisitions

The financial statements under pending accounts payable reflects land acquisitions balance of Kshs.2,461,673,627 during the year under review.

Review of records revealed that some of the major sections and amenities affected by the delays in land acquisition processes were;

- Mwanda junction to Kerugoya junction; Km67+00 to Km70+00;

- Kerugoya junction to Mathaithi area; Km70+00 to Km72+00; within Karatina township which is highly built-up section;
- Giagatika junction to Mahigaini area; Km75+00 to Km81+00;
- Mahigaini area to Marua interchange; Km81+00 to Km83+00;
- Land identified for construction of road side markets along the project road; and, Additional land for the construction of footbridges.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions ISSAI 3000 and 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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, 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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- The Project's financial statements are 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 November, 2024

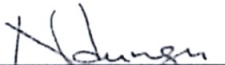
KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

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

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


	Note	2023/24			2022/23			Cumulative to date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Receipts								
Transfer from Government entities	1	518,000,000	-	518,000,000	570,829,860	-	570,829,860	5,022,104,501
Proceeds from domestic and Foreign grants	2		59,366,723	59,366,723	-	561,959,075	561,959,075	1,923,581,268
Loan from external Development Partners	3	-	1,189,927,155	1,189,927,155	-	2,685,845,668	2,685,845,668	10,632,769,129
Total receipts		518,000,000	1,249,293,878	1,767,293,878	570,829,860	3,247,804,743	3,818,634,603	17,578,454,898
Payments								
Purchase of Goods & Services	4	5,940,547	57,841,543	63,782,090	26,526,610	10,361,232	36,887,842	423,753,235
Acquisition of non-financial assets	5	499,074,715	1,191,452,335	1,690,527,050	544,303,250	3,237,443,511	3,781,746,761	17,141,716,925
Total payments		505,015,262	1,249,293,878	1,754,309,140	570,829,860	3,247,804,743	3,818,634,603	17,565,470,160
Surplus/(deficit)		12,984,738	-	12,984,738	-	-	-	12,984,738

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


 Eng. Kungu Ndungu, MBS
 Director General


19 JUL 2024

Date


 Eng. Henry Gakuru
 Director, Development

19 JUL 2024

Date


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

19 JUL 2024

Date

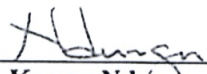
KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

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


Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents	6	12,984,738	-
Total Financial Assets (A)		12,984,738	-
Financial Liabilities			
Third party Deposits and Retention		-	-
Total Financial Liabilities (B)		-	-
Net Financial Assets (A-B)		12,984,738	-
Represented By			
Fund Balance B/fwd.		-	-
Prior Year adjustments		-	-
Surplus/(Deficit) for the Year		12,984,738	-
Net Financial Assets		12,984,738	-

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

and signed by:


 Eng. Kungu Ndungu, MBS
 Director General


 Eng. Henry Gakuru
 Director Development


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

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

9. Statement of Cash flows for the year ended 30th June 2024

Description	Note	2023/24	2022/23
Cashflow from operating activities		Kshs	Kshs
Receipts			
Transfer from Government entities	1	518,000,000	570,829,860
Proceeds from domestic and foreign grants	2	59,366,723	561,959,075
Total Receipts		577,366,723	1,132,788,935
Payments			
Purchase of goods and services	4	(63,782,090)	(36,887,842)
Total Payments		(63,782,090)	(36,887,842)
Net receipts/(payments)		513,584,633	1,095,901,093
Adjustments during the year			
Prior year adjustments			
Increase/(decrease) in accounts payables		-	-
Net cash flow from operating activities		513,584,633	1,095,901,093
Cashflow from investing activities			
Acquisition of non-financial assets	5	(1,690,527,050)	(3,781,746,761)
Net cash flows from Investing Activities		(1,690,527,050)	(3,781,746,761)
Cashflow from financing activities			
Proceeds from Foreign Borrowings	3	1,189,927,155	2,685,845,668
Net cash flow from financing activities		1,189,927,155	2,685,845,668
Net increase in cash and cash equivalents		12,984,738	-
Cash & cash equivalent at beginning of the year		-	-
Cash and cash equivalent at end of the year		12,984,738	-

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

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

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable	Budget Utilization	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts						
Transfers from Government entities	1,667,000,000	(216,930,952)	1,450,069,048	518,000,000	932,069,048	36%
Proceeds from foreign borrowings	7,300,000,000	(5,800,000,000)	1,500,000,000	1,249,293,878	250,706,122	83%
Total Receipts	8,967,000,000	(6,016,930,952)	2,950,069,048	1,767,293,878	1,182,775,170	60%
Payments						
Purchase of goods and services	8,967,000,000	(6,016,930,952)	2,950,069,048	63,782,090	1,195,759,908	59%
Acquisition of non-financial assets				1,690,527,050		
Total Payments	8,967,000,000	(6,016,930,952)	2,950,069,048	1,754,309,140	1,195,759,908	59%
Surplus/Deficit	-	-	-	(12,984,738)	12,984,738	

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

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

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 the Kenol - Sagana - Marua Highway Improvement Project under Kenya National Highways Authority. The financial statements are for the reporting entity the Kenol - Sagana - Marua Highway Improvement Project 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

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

i. Transfers from the Exchequer

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

ii. External Assistance

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

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

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 recognised in the financial statements 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 of employees

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

ii. Use of goods and services

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

iii. Interest on borrowing

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

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Significant Accounting Policies (Continued)

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.

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.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Significant Accounting Policies (Continued)

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 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

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

It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

The amount of the obligation cannot be measured with sufficient reliability.

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

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

k) Contingent Assets

Kenol – Sagana - Marua Highway Improvement 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 Kenol – Sagana - Marua Highway Improvement Project 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.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Significant Accounting Policies (Continued)

l) Pending bills

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

m) Budget

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

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

n) Third party payments

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

o) Exchange rate differences

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

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

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, 2024.

r) Prior Period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior year adjustments as at June, 30,2024.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

12. Notes to the Financial Statements

1. Transfers from Government entities

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

	2023/24	2022/23	Cumulative to-date
	Kshs	Kshs	Kshs
Counterpart funding through Ministry of Transport and Infrastructure			
Counterpart funds Quarter 1	375,000,000	480,829,860	1,055,515,582
Counterpart funds Quarter 2	-	-	843,456,990
Counterpart funds Quarter 3	143,000,000	-	825,805,670
Counterpart funds Quarter 4	-	90,000,000	2,297,326,259
TOTAL (See Annex 3)	518,000,000	570,829,860	5,022,104,501
<i>Other Transfers from government entities</i>			
Road Maintenance Levy Fund	-	-	-
Annuity Fund	-	-	-
Total	-	-	-
Appropriation -in-Aid	-	-	-
Total	518,000,000	570,829,860	5,022,104,501

2. Proceeds from Domestic and Foreign Grants

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

Name of Donor	Date Received	Amount received in donor currency	Loans Received as Direct payments	Total amounts in Kshs.		Cumulative to date
				FY 2023/24		
				FY 2022/23	Kshs	
	EURO	Kshs	Kshs	Kshs		
Africa Growing Together Fund (AGTF)	2023/24	519,212	59,366,723	59,366,723	561,959,075	1,923,581,268
Total		519,212	59,366,723	59,366,723	561,959,075	1,923,581,268

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the 12 months to 30 June 2024, we received funding from Development Partners in form of negotiated by the National Treasury as detailed in the table below;

Name of Donor	Date Received	Amount received in donor currency	Loans Received as Direct payments	Total amounts in Kshs.		Cumulative to date	
				FY 2023/24			FY 2022/23
				EURO	Kshs		Kshs
African Development Bank (AfDB)	2023/24	10,406,919	1,189,927,155	1,189,927,155	2,685,845,668	10,632,769,129	
Total		10,406,919	1,189,927,155	1,189,927,155	2,685,845,668	10,632,769,129	

4. Purchase of Goods and Services

	FY 2023/24			FY 2022/23	Cumulative to date
	Receipts and payments controlled by the entity	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Domestic travel and subsistence	5,896,200	-	5,896,200	11,402,957	85,019,651
Advertising and services	44,347	-	44,347	9,478,577	14,121,219
Hospitality Services	-	-	-	315,991	2,696,289
Utilities	-	-	-	5,329,077	229,107,389
Training	-	57,841,543	57,841,543	10,361,232	92,808,687
Total	5,940,547	57,841,543	63,782,090	36,887,834	423,753,235

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

5. Acquisition of Non-Financial Assets

	FY 2023/24			FY 2022/23	Cumulative
	Receipts and payments controlled by the entity	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Construction of roads	128,224,457	1,063,240,020	1,191,464,477	3,214,130,414	13,697,962,893
Consultancy Services	5,728,850.00	128,212,315	133,941,165	280,875,400	797,003,094
Acquisition of land	365,121,408	-	365,121,408	286,740,947	2,646,750,938
Total	499,074,715	1,191,452,335	1,690,527,050	3,781,746,761	17,141,716,925

6. Bank Accounts

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Co-operative Bank of Kenya [A/c No 01141160979900]	12,984,738	-
Total	12,984,738	-

7. Accounts Payables- Retentions

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Retention controlled by the entity	-	-
Total	-	-

8. Changes in Accounts Payable –Retentions Controlled by the Entity

Description	FY 2023/24	FY 2022/23
Deposit and Retentions as at 1 st July 2023	-	-
Closing accounts payables as at 30 th June 2024	-	-
Change in payables	-	-

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Other Important Disclosures

9. Pending Accounts Payable (See Annex 6)

	Balance b/f FY 2022/2023	Additions for the period	Paid during the year	Balance c/f FY2023/2024
Description	Kshs	Kshs	Kshs	Kshs
Construction of Roads	342,914,144	2,046,832,669	1,191,464,477	1,198,282,335
Consultancy services	11,594,102	125,419,147	133,941,165	3,072,084
Acquisition of Land	2,838,826,765	-12,031,731	365,121,408	2,461,673,627
Purchase of Good & Services	-	63,782,090	63,782,090	-
Total	3,193,335,011	2,224,002,175	1,754,309,140	3,663,028,046

10. Accounts Payables- Retentions (See Annex 8)

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Retention controlled by the Third parties	292,719,131	292,719,131
Total	292,719,131	292,719,131

11. Changes in Account Payable -Retentions Controlled by Third Parties

Description	FY 2023/24	FY 2022/23
Deposit and Retentions as at 1 st July 2023	292,719,131	424,826,921
Closing accounts payables as at 30 th June 2024	292,719,131	292,719,131
Change in payables	-	(132,107,790)

12. External Assistance

a) External assistance relating to loans and grants.

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
External assistance received as loans	1,249,293,878	3,247,804,743
Total	1,249,293,878	3,247,804,743

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Other Important Disclosures (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2023/2024	FY 2022/2023
Description		Kshs	Kshs
Undrawn external assistance - loans	Road works & consultancy services	11,360,147,403	12,609,441,281
Total		11,360,147,403	12,609,441,281

c) Classes of providers of external assistance

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
Multilateral donors	1,249,293,878	3,247,804,743
Total	1,249,293,878	3,247,804,743

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

d) Non-monetary external assistance

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

e) Purpose and use of external assistance

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
Acquisition of Assets	1,249,293,878	3,247,804,743
Total	1,249,293,878	3,247,804,743

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 2023/2024	FY 2022/2023
Description	Kshs	Kshs
Multilateral donors	1,249,293,878	3,247,804,743
Total	1,249,293,878	3,247,804,743

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

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13. Annexes

Annex 1-Prior Year Auditor-General's Recommendations

Ref No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	<p><u>Basis for Opinion</u></p> <p>Emphasis of Matter</p> <p>Pending Bills</p> <p>Note 1 of other important disclosures and Annex 4 to the financial statements reflect pending accounts payable balance of Kshs.3,193,335,011 which includes acquisitions of land, construction of roads and consultancy services amounts of Kshs.2,838,826,765, Kshs.342,914,144 and Kshs.11,594,102 respectively. Although Management has committed to liaise with the line Ministry and The National Treasury for adequate budgetary allocation and timely exchequer releases for prompt payments in the subsequent financial year, the Project is at risk of incurring significant interest costs and penalties with the continued delay in making payments for invoiced bills.</p> <p>Failure to clear pending bills in the year to which they relate distorts the budget of the following year as they constitute a first charge on that budget.</p>	<p>We agree with the observation that the pending bills amounts to Kshs. 3,193,335,011.</p> <p>The Pending bills are as a result of inadequate GoK budgetary allocations in the current and prior financial years.</p> <p>The Authority shall endeavour to liaise with the Parent Ministry and The National Treasury to allocate adequate budget, subject to the provided ceiling, in the subsequent years until the pending bills are fully settled.</p>	Not Resolved	Continuous
2	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.5,950,829,860 and Kshs.3,818,634,603 respectively resulting to an underfunding of Kshs.2,132,195,257 or 36% of the budget.</p>	<p>We agree with the audit observation that the project reported an under expenditure of 36%.</p> <p>This resulted to unavailability of right of way following the non-payment of some</p>	Not Resolved	Continuous

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Ref No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Similarly, the Project spent Kshs.3,818,634,603 against an approved budget of Kshs.5,950,829,860 resulting to an under-expenditure of Kshs.2,132,195,257 or 36% of the budget.</p> <p>The underfunding and under-expenditure will delay the overall completion of the Project and may affect service delivery to the public. My opinion is not modified in respect of these matters.</p>	of the PAPs whose residential structures were to be demolished to free room for the road expansion.		
	<p><u>Other Matter</u> Unresolved Prior Year Matters</p> <p>In the audit report of the previous year, several issues were raised. However, the Management has not provided an explanation on how the issues were resolved.</p>	<p>We have noted the auditor's observation on unresolved prior year matters.</p> <p>The Authority is working closely with the Parent Ministry and Office of the Auditor General with an aim of resolving all prior year audit matters.</p>	Not Resolved	Continuous
1.1	<p><u>Basis for Conclusion</u></p> <p>1. Project Implementation</p> <p>Lot 1 – Dualling of Kenol-Sagana (A2) – 48 Km Road</p> <p>The Government of Kenya entered into a contract with an international contractor on 5th August, 2020 for the dualling of Kenol-Sagana (A2) road (48km) at a contract sum of Kshs.8,496,537,823 for a period of thirty-six (36) months. The commencement date of the contract was 07 October, 2020 and the expected completion date was 06 October, 2023.</p> <p>Review of the monthly progress report for August, 2023 revealed that the percentage of weighted overall work completed (physical progress) stood at 100% against a planned target of 98% (including estimated</p>	<p>We agree with the observation that the project is ahead of the planned physical progress by over 2% and most of the major works are complete.</p> <p>The financier has delayed in issuing a No Objection on the claim. This is because the Financier is an independent entity with its own procedures, policies and</p>	Not Resolved	Continuous

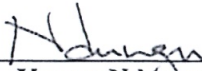
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Ref No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>preliminaries and materials on site and amounts on interest on delayed payments based on the original scope). Further, the amount certified to date for the contract as advance payment was Kshs.1,123,530,189 and for work done and materials on site was a total of Kshs.8,521,152,820 (100%) inclusive of interest on delayed payments on Interim Payment Certificate (IPC). In addition, the time elapsed was about thirty-five (35) months or 97% of the completion period. Based on the analysis, it was noted that the contract was ahead of the planned physical progress by over 2%.</p> <p>However, despite the above performance, an audit inspection exercise carried out in the month of August, 2023 revealed that the surface dressing was at 54%, the laying of Asphalt Concrete (AC) was at 86% while concrete works (retaining wall) were at 21%. Further, road marking was at 53% while construction of guardrails was at 20%. The progress report indicated that out of the five (5) bridges proposed, two (2) bridges have been completed while three (3) have not been constructed.</p> <p>In addition, 20Km of feeder/access roads were proposed in the Bills of Quantity (BoQ) but had not been started. However, there was a proposal to review the number of kilometres to 23.8Km within the same BoQ costs to cater for enhanced tarmac coverage.</p> <p>Whereas the scope of the works entailed the construction of a Sagana Trauma Centre, the works were indicated to be ongoing at Sagana Trauma Centre within the reporting month with all columns and substructures walling completed for Phase 1 and blinding of column bases for Phase 2 done. However, the steel reinforcement for the bases and concreting of the column bases were indicated as ongoing but no</p>	<p>regulations that may be beyond the management. However, we will continue to engage the financier to see how fast the issue can be addressed.</p>		


KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

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Ref No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	meaningful progress was observed on the construction and there was no activity going on.			
1.2	<p>Dualling of the Sagana-Marua (A2) Road Section - 36KM The Government of Kenya entered into a contract with another international contractor on 30 July,2020 for the dualling of Sagana-Marua (A2) road (36km) at contract sum of Kshs.6,115,038,571 for a period of thirty-six months. The commencement date of the contract was 19 October, 2020 and therefore the expected completion date was 18 October, 2023.</p> <p>Review of quarterly progress report for August,2023 revealed that the percentage of weighted overall work completed (physical progress) stood at 80% against the programmed target of 92% (main carriageway works) and 65% against the programmed target of 85% (for all contract works). The financial progress stood at 64.31% against the planned target of 85% as per the revised program of works. In addition, the time elapsed was 34 months or 94% of the completion period.</p> <p>However, based on the analysis, it was behind schedule of the planned physical progress by 11% attributed to delays in land compensation.</p> <p>In the circumstances, the delay in implementation of the various project works will contribute to delay in the delivery of the overall project by the two contractors and there is a risk of cost over runs which may cause cost variations or interest on delayed payments.</p>	<p>We agree with the observation that the works are behind schedule for Lot 2.</p> <p>This is due to unpaid PAPs that have hindered the availability of right of way for the contractor to continue with the works in some areas.</p> <p>The Management shall continuously engage the stakeholders including Interior and Coordination of National Government, National Land Commission and the National Treasury to aid in resolving the pending right of way and settlement of PAPs.</p>	Not Resolved	Continuous


 Eng. Kungu Ndungu, MBS
 Director General
 19 JUL 2024

Date


 Eng. Henry Gakuru
 Director, Development
 19 JUL 2024

Date

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

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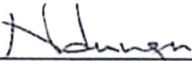
Annex 2 - Variance explanations - Comparative Budget and Actual amounts for Current FY 2023-2024


	Final Budget	Actual on Comparable Basis	Budget Utilisation Variance	% of Utilisation Variance to Final Budget	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Government of Kenya	1,450,069,048	518,000,000	932,069,048	36%	
External financing	1,500,000,000	1,249,293,878	250,706,122	83%	
Total receipts	2,950,069,048	1,767,293,878	1,182,775,170	60%	
Payments					
Purchase of goods and services	2,950,069,048	63,782,090	1,195,759,908	59%	
Acquisition of non-financial assets		1,690,527,050			
Total Payments	2,950,069,048	1,754,309,140	1,195,759,908	59%	

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Annex 3: Reconciliation of inter -entity transfers.

	PROJECT NAME:	KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT		
Breakdown of Transfers from the State Department of Roads				
a.	Government Counterpart Funding			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY to which the amounts relate</u>
	Quarter 1	30-Sep-23	375,000,000	FY 2023/24
	Quarter 2	-	-	FY 2023/24
	Quarter 3	31-Mar-24	143,000,000	FY 2023/24
	Quarter 4	-	-	FY 2023/24
	Total		518,000,000	


Eng. Kungu Ndungu, MBS
Director General


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

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Annex 4 – Proceeds from Domestic and Foreign Grants

No	Date	Payee	Currency of Payment	Payment Reference	Equivalent amount in reporting currency	Equivalent amount in Donor Currency	Description
					Kshs	Euro	
1	17/11/2023	China Wu Yi Co Ltd	EURO	PV 85120 WA 051	24,109,680	210,860	Sagana-Marua IPC 22 AGTF EURO
2	23/01/2024	China Wu Yi Co Ltd	EURO	PV 87519 WA 052	17,582,305	153,772	Sagana-Marua IPC 23 AGTF EURO
3	05/04/2024	China Wu Yi Co Ltd	EURO	PV 89230 WA 053	17,674,738	154,581	Sagana-Marua IPC 24 AGTF EURO
		Total			59,366,723	519,213	

Annex 5 – Loan from External Development Partners

No	Date	Payee	Currency of Payment	Payment Reference	Amounts in respective currency of IPC/fee note				Equivalent amount in reporting currency	Equivalent amount in Donor Currency	Description
					Euro	USD	GBP	Kshs	Kshs	Euro	
1	09/08/2023	Jiangxi Transportation Engineering Group Ltd.	EUR	PV83278 WA262	834,972	-	-	-	95,453,057	834,817.71	Kenol-Sagana 28(AfDB Euro)
2	09/08/2023	Jiangxi Transportation Engineering Group Ltd.	KES	PV83279 WA263	-	-	-	61,478,506	61,478,506	537,681.53	Kenol-Sagana 28(AfDB Kshs)
3	20/09/2023	Jiangxi Transportation Engineering Group Ltd.	KES	PV84166 WA276	-	-	-	51,582,116	51,582,116	451,129.23	Kenol-Sagana 30(AfDB Kshs)
4	20/09/2023	Jiangxi Transportation Engineering Group Ltd.	EUR	PV84165 WA275	1,316,121	-	-	-	150,457,536	1,315,878.40	Kenol-Sagana 30(AfDB EUR)
5	17/11/2023	China Wu Yi Co Ltd	KES	PV 85121 WA 284	-	-	-	38,502,603	38,502,603	336,737.83	Sagana-Marua IPC 22 ADB KSHS
6	17/11/2023	China Wu Yi Co Ltd	EUR	PV 85119 WA 283	702,082	-	-	-	80,261,231	701,952.34	Sagana-Marua IPC 22 AfDB EURO
7	23/01/2024	China Wu Yi Co Ltd	EUR	PV 87518 WA 297	512,003	-	-	-	58,531,569	511,908.07	Sagana-Marua IPC 23 AfDB EURO
8	23/01/2024	China Wu Yi Co Ltd	KES	PV 87520 WA 298	-	-	-	28,078,535	28,078,535	245,570.54	Sagana-Marua IPC 23 AfDB KSHS
9	05/04/2024	China Wu Yi Co Ltd	EUR	PV 89229 WA 300	514,694	-	-	-	58,839,279	514,599.26	Sagana-Marua IPC 24 AfDB EURO
10	05/04/2024	China Wu Yi Co Ltd	KES	PV 89231 WA 301	-	-	-	28,226,148	28,226,148	246,861.54	Sagana-Marua IPC 24 AfDB KSHS
11	23/05/2024	Jiangxi Transportation Engineering Group Ltd.	EUR	PV90389 WA302	395,350	-	-	-	45,195,957	395,276.87	Kenol-Sagana 30(ADB Euro)
12	23/05/2024	Jiangxi Transportation Engineering Group Ltd.	EUR	PV90313 WA303	2,065,832	-	-	-	236,163,658	2,065,450.92	Kenol-Sagana 31(AfDB Euro)

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13	23/05/2024	Jiangxi Transportation Engineering Group Ltd.	KES	PV90314 WA304	-	-	-	71,103,102	71,103,102	621,856.76	Kenol-Sagana 31(AfDB Kshs)
14	11/08/2023	Francis Allen Consulting Ltd	KES	PV83561 WA266	-	-	-	3,171,873	3,171,873	27,740.71	Kenol-Sagana-Marua 3(ADBKshs)
15	16/08/2023	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV83263 WA265	-	-	-	7,436,171	7,436,171	65,035.60	Kenol-Sagana 33(ADBKshs)
16	16/08/2023	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV83262 WA264	-	28,592.00	-	-	2,898,051	25,345.91	Kenol-Sagana 33(ADBUSD)
17	16/08/2023	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV83265 WA261	-	-	-	8,605,417	8,605,417	75,261.65	Sagana-Marua 33(ADBKSHS)
18	16/08/2023	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV83264 WA260	-	23,886.13	-	-	3,346,939	29,271.81	Sagana-Marua 33(ADBUSD)
19	16/08/2023	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV83600 WA270	-	-	-	7,244,651.00	7,244,651	63,360.60	Kenol-Sagana 34(AfDB Kshs)
20	16/08/2023	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV83599 WA269	-	28,442.00	-	-	2,882,847	25,212.94	Kenol-Sagana 34(AfDB USD)
21	22/08/2023	Intercontinental Consultants And Technocrats Pvt Ltd	KES	PV83598 WA274	-	-	-	255,000.00	255,000	2,230.19	Kenol-Sagana-Marua(Tech Audit) 4(AfDB Kshs)
22	22/08/2023	Intercontinental Consultants And Technocrats Pvt Ltd	USD	PV83597 WA273	-	26,154	-	-	3,730,638	32,627.58	Kenol-Sagana-Marua(Tech Audit) 4(AfDB USD)
23	22/08/2023	Intercontinental Consultants And Technocrats Pvt Ltd	KES	PV83281 WA272	-	-	-	382,500	382,500	3,345.29	Kenol-Sagana-Marua(Tech Audit) 3(AfDB Kshs)
24	22/08/2023	Intercontinental Consultants And Technocrats Pvt Ltd	USD	PV83280 WA271	-	39,231	-	-	5,534,109	48,400.46	Kenol-Sagana-Marua(Tech Audit) 3(AfDB USD)
25	22/08/2023	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV83618 WA268	-	-	-	8,511,081	8,511,081	74,436.60	Sagana-Marua 34(AfDB Kshs)
26	22/08/2023	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV83617 WA267	-	23,756	-	-	3,369,580	29,469.83	Sagana-Marua 34(AfDB USD)
27	17/11/2023	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV 85114 WA 278	-	-	-	9,511,892	9,511,892	83,189.54	Sagana-Marua IPC 35 AfDB KSHS
28	17/11/2023	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV 85113 WA 277	-	21,590	-	-	3,214,297	28,111.75	Sagana-Marua IPC 25 AfDB USD
29	17/11/2023	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV 85115 WA 279	-	16,854	-	-	2,507,762	21,932.50	Sagana-Marua IPC 36 AfDB USD
30	17/11/2023	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV 85116 WA 280	-	-	-	7,434,572.00	7,434,572	65,021.62	Sagana-Marua IPC 36 AfDB KSHS

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31	17/11/2023	Aquaclean Services	KES	PV 85118 WA 282	-	-	-	1,317,250.00	1,317,250	11,520.47	Kenol-Sagana-Marua INV ASL/KENHA/2022/05 ADB
32	03/01/2024	The University of Birmingham	GBP	PV86776 WA286	-	-	299,579	-	55,751,038	487,589.98	Kenol-Sagana-Marua Msc Programs Inv 71419150 ADB
33	16/01/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV87066 WA292	-	-	-	8,192,332	8,192,332	71,648.87	Sagana-Marua 37(AfDB Kshs)
34	16/01/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV87065 WA291	-	17,584	-	-	2,695,394	23,573.50	Sagana-Marua 37(AfDB USD)
35	16/01/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV87067 WA293	-	25,237	-	-	3,868,586	33,834.06	Sagana-Marua 38(AfDB USD)
36	16/01/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV87068 WA294	-	-	-	8,400,278.00	8,400,278	73,467.54	Sagana-Marua 38(AfDB Kshs)
37	16/01/2024	Francis Allen Consulting Ltd	KES	PV87492 WA296	-	-	-	4,229,163.60	4,229,164	36,987.62	Kenol-Sagana-Marua(HIV/AIDS,STIs...) 5(AfDB Kshs)
38	16/01/2024	Francis Allen Consulting Ltd	KES	PV87070 WA295	-	-	-	4,229,163.60	4,229,164	36,987.62	Kenol-Sagana-Marua(HIV/AIDS,STIs...) 4(AfDB Kshs)
39	23/01/2024	Intercontinental Consultants And Technocrats Pvt Ltd	KES	PV 87295 WA 290	-	-	-	382,500.00	382,500	3,345.29	Kenol-Sagana-Marua IPC 5 AfDB KSHS
40	23/01/2024	Intercontinental Consultants And Technocrats Pvt Ltd	USD	PV 87294 WA 289	-	39,231.00	-	-	6,015,729	52,612.64	Kenol-Sagana-Marua IPC 5 AfDB USD
41	05/02/2024	Aquaclean Services	KES	PV87069 WA299	-	-	-	1,317,250.00	1,317,250	11,520.47	Kenol-Sagana-Marua ASL/KeNHA/2022/06 (AfDB Kshs)
42	04/03/2024	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV 86673 WA 288	-	-	-	7,527,288.00	7,527,288	65,832.50	Kenol-Sagana FN 35 KSHS ADB
43	07/11/2023	Robert Gordon University	KES	PV85206 WA281	-	-	-	2,090,505.23	2,090,505	18,283.23	LLM Construction Law & Arbitration for S.Muli & F.Mutiso Inv T2308741/2310471-09/2023
		Total			6,341,054	290,556	299,579	369,209,897	1,189,927,155	10,406,919	

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Annex 6 – Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2024	Outstanding Balance 2023	Comments
		a	b	c=a-b		
Land Compensation						
Commissioner of lands	16-Jun-22	5,108,424,565	2,646,750,938	2,461,673,627	2,838,826,765	
Sub-Total		5,108,424,565	2,646,750,938	2,461,673,627	2,838,826,765	
Construction of roads						
China Wu Yi	17-Feb-23	230,218,494	230,218,494	-	30,470,965	19
China Wu Yi	27-Mar-23	168,899,213	168,899,213	-	30,175,364	20
China Wu Yi	14-Jun-23	125,169,494	125,169,494	-	22,362,657	21
China Wu Yi	09-Aug-23	250,038,116	218,960,112	26,153,793	-	22
China Wu Yi	14-Feb-24	182,343,621	159,679,573	22,664,048	-	23
China Wu Yi	20-May-24	184,302,230	161,519,034	22,783,196	-	24
China Wu Yi	24-Jun-24	179,923,033	54,750,579	22,363,185	-	25
Jiangxi Transportation	28-Nov-22	293,815,676	293,815,676	-	34,003,323	21
Jiangxi Transportation	06-Jan-23	240,613,568	211,840,079	33,697,699	39,985,637	22
Jiangxi Transportation	08-Mar-23	222,692,475	185,685,001	37,007,474	37,007,474	23
Jiangxi Transportation	29-Mar-23	258,326,228	210,817,956	47,508,272	47,508,272	24
Jiangxi Transportation	25-Apr-23	195,549,083	163,052,351	32,496,732	32,496,732	25
Jiangxi Transportation	06-Jun-23	221,878,365	152,974,645	68,903,720	68,903,720	26
Jiangxi Transportation	18-Sep-23	215,301,472	185,604,717	29,696,755	-	28
Jiangxi Transportation	21-Sep-23	24,992,420	-	24,992,420	-	29
Jiangxi Transportation	30-Oct-23	286,793,305	247,235,608	39,557,697	-	30
Jiangxi Transportation	15-Jun-24	438,721,267	307,266,760	131,454,507	-	31
Jiangxi Transportation	06-May-24	250,231,456	-	250,231,456	-	32
Jiangxi Transportation	08-May-24	408,771,381	-	408,771,381	-	33
Sub-Total		4,378,580,897	3,077,489,292	1,198,282,335	342,914,144	
Consultancy						
ICT	9-Jan-23	6,067,953	6,067,953	-	836,964	2
Francis Allen Consulting Ltd	15-Dec-22	3,066,144	3,066,144	-	422,916	2
Dohwa Engineering	20-Jun-23	10,334,222	10,334,222	-	10,334,222	33
Dohwa Engineering	22-Nov-23	10,599,372	7,527,288	3,072,084	-	35
Sub-Total		30,067,691	26,995,607	3,072,084	11,594,102	
Grand Total		9,517,073,152	5,751,235,837	3,663,028,046	3,193,335,011	

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Annex 7– Summary of Fixed Assets Register

Asset class	Opening Cost	Purchases/Additions	Disposals in the Year	Closing Cost
	(KShs) 2023/24	(KShs) 2023/24	(KShs) 2023/24	(KShs) 2023/24
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Construction of Roads	12,506,498,416	1,191,464,477	-	13,697,962,893
Consultancy Services	663,061,929	133,941,165	-	797,003,094
Land	2,281,629,530	365,121,408	-	2,646,750,938
Total	15,451,189,875	1,690,527,050	-	17,141,716,925

Annex 8 - Summary of Retention Controlled by Third Parties

DATE	NAME OF CONTRACTOR	CERTIFICATE NO.	AMOUNT
24/06/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	IPC 2 Euro	8,371,276
24/06/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	IPC 2 Euro	2,514,648
24/06/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	IPC 2 Kshs	4,665,396
08/06/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	IPC 3 Euro	8,020,973
08/06/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	IPC 3 Euro	2,409,421
08/06/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	IPC 3 Kshs	4,470,169
04/08/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 4 (AGTF Euro RET)	5,128,362
04/08/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 4 (AfDB Euro RET)	17,072,341
04/08/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 4 (AfDB Kshs RET)	9,514,587
01/09/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 5 (AGTF EUR Ret)	3,873,052
01/09/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 5 (AfDB EUR Ret)	12,893,408
01/09/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 5 (AfDB Kshs Ret)	7,185,626
21/10/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 6	6,350,620
21/10/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 6	21,141,242
21/10/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 6	11,782,226
29/10/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 7	20,059,277
29/10/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 7	6,025,609
29/10/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 7	11,179,237

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30/11/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol - Sagana IPC8	5,293,202
30/11/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol - Sagana IPC8	9,820,442
30/11/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol - Sagana IPC8	17,621,092
15/12/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana -Marua 10	8,483,166
15/12/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana -Marua 10	15,221,628
15/12/2021	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana -Marua 10	4,572,426
17/02/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 11(AGTF Eur Ret)	5,115,151
17/02/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 11(AfDB Kshs Ret)	9,490,077
17/02/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 11(AfDB Eur Ret)	17,028,361
18/03/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana IPC 12 RET	12,782,570
18/03/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana IPC 12 RET	6,889,805
18/03/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana IPC 12 RET	22,936,191
12/04/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana IPC13 ADB KSHS RET	9,179,877
12/04/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana IPC13 AGTF EURO RET	4,947,954
12/04/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana IPC13 ADB EURO RET	16,471,760
20/05/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 14 RET	9,801,887
20/05/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 14 RET	17,587,853
20/05/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 14 RET	5,283,217
08/06/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 59	5,266,234
09/06/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 15	9,770,378
09/06/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 15	17,531,315
28/06/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 16(AfDB Euro Ret)	16,727,600
28/06/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 16(AGTF Euro Ret)	5,024,806
28/06/2022	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 16(AfDB Kshs Ret)	9,322,460
22/06/2023	JIANGXI TRANSPORTATION ENGINEERING GROUP LTD	Kenol-Sagana 27(Recall Ret)	(132,107,790)
Total			292,719,131