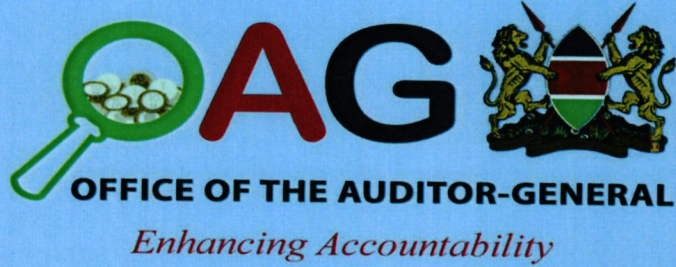


REPUBLIC OF KENYA



**REPORT**

PARLIAMENT  
OF KENYA  
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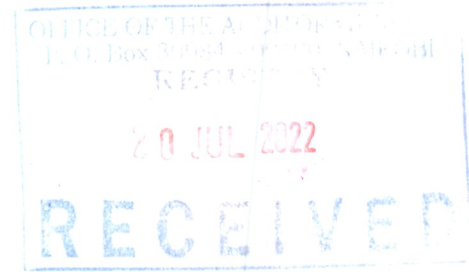
**KENYA NATIONAL HIGHWAYS AUTHORITY**

**FOR THE YEAR ENDED**

**30 JUNE, 2021**

THE NATIONAL ASSEMBLY PADOOTAYO	
DATE:	01 DEC 2022 Thursday
TABLED BY:	LOW
CLERK-AT THE TABLE:	FRANCIS CHEBET





**Kenya National Highways Authority**

Quality Highways, Better Connections


**KENYA NATIONAL HIGHWAYS AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**30<sup>TH</sup> JUNE 2021**

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

 <b>THE NATIONAL ASSEMBLY</b> PARLIAMENT BUILDING	
<b>DATE:</b> 01 DEC 2022	<b>DAY:</b>
<b>TABLED BY:</b>	
<b>CLERK-AT-THE-TABLE:</b>	

**KENYA NATIONAL HIGHWAYS AUTHORITY**

**Annual Reports and Financial Statements**

**For the year ended June 30, 2021.**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Authority was established vide the Kenya Roads Act, 2007. The Authority is under the State Department of Infrastructure in the Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works for the general policy and strategic direction.

**(b) Principal Activities**

The principal activity/mission of the Authority is to develop and manage quality and adequate national trunk roads through innovation and optimal utilization of resources for sustainable development.

**(c) Key Management**

The Authority's day-to-day management is under the Director General who is an *ex officio* member of the Board of Directors and Secretary to the Board.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Eng. Peter M. Mundinia, EBS
2.	Director, Highway Planning and Design	Eng. Samuel O. Omer
3.	Director, Development	Eng. David Muchilwa
4.	Director, Policy, Strategy & Compliance	Eng. Njuguna Gatitu
5.	Director, Corporate Services	CPA James Bowen
6.	Director, Audit Services	CPA. William Masita (Departed on 15 <sup>th</sup> September 2020)
7.	Director, Audit Services	Dr.CPA.Sammy Kimunguyi (Appointed 11 <sup>th</sup> March, 2021)
8.	Director, Road Asset & Corridor Management	Eng. Kungu Ndungu (Appointed 15 <sup>th</sup> July, 2020)
9.	Corporation Secretary/Deputy Director, Head Legal Services	Ms. Norah Odingo-Kajwang'
10.	Deputy Director, Head Supply Chain Management	Ms Levina Wanyonyi

**KENYA NATIONAL HIGHWAYS AUTHORITY**  
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**(e) Fiduciary Oversight Arrangements**

No.	Designation	Name
1.	Chairman ( <i>non-executive</i> )	Eng. Wangai Ndirangu, MIEK, RCE
2.	Director	Mr. Charles Gathogo
3.	Director	Mr. Protus Sigei, Alternate to CS National Treasury
4.	Director	Mr. George Wanjau; Alternate to PS State Department for Transport
5.	Director	Eng. Carey O. Orege, CBS
6.	Director	Eng. Francis Gitau: Alternate to PS Infrastructure
7.	Director	FCPA Julius W Mwatu ( <i>Appointed 18th November, 2020</i> )
8.	Director	Arch. Winfrida W. Ngumi ( <i>Appointed 18th November, 2020</i> )
9.	Director	Ms. Brenda N. Mayabi ( <i>Appointed 18th November, 2020</i> )
10.	Director General/Board Secretary ( <i>ex-officio member</i> )	Eng. Peter M. Mundinia, EBS

The Authority's Board of Directors constituted four Board Committees namely;

- 1) The Finance, Human Resource and General Purpose Committee,
- 2) The Audit, Risk and Governance Committee,
- 3) The Technical and Strategy Committee and
- 4) The Procurement and Disposal Oversight Committee.

The Finance, Human Resource and General Purpose Committee and the Audit, Risk and Governance Committee are responsible for the fiduciary oversight of the Authority.

Their key responsibilities are outlined below:

**i) Finance, Human Resource and General Purpose Committee**

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
  - 1) Financial, Human Resources, ICT, Legal & Regulatory Affairs and Corporate Communications policies and procedures,
  - 2) Estimates of receipts and expenditures including their revisions,
  - 3) Re-allocation of funds between budget heads,
  - 4) Special funding proposals including borrowings and grants,
  - 5) Proposals for opening bank accounts,
  - 6) Proposals for investments and their returns,
  - 7) Annual Corporate Social Responsibility activities and
  - 8) Staff terms and conditions of service.

- Ensure that;
  - 1) Proper books of accounts and records are maintained for the Authority's transactions,
  - 2) All expenditures are within the approved budget,
  - 3) Proper records are maintained on property and material liabilities.

**ii) Audit, Risk and Governance Committee**

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
  - 1) The external auditor's management letter and management's response to the external auditor's findings and recommendations,
  - 2) The Authority's procedures for detecting fraud and to review the investigation and remediation of any alleged or suspected fraud,
  - 3) At least annually, the status of the enterprise risk management program and
  - 4) The annual internal audit work plan.
- Ensure that;
  - 1) Unsettled and unimplemented Public Investment Committees' (PIC) issues are resolved,
  - 2) There is clarity of disclosure in financial reporting and the presentation of a balanced and understandable assessment of the Authority's financial position;
  - 3) Recommendations of the Auditor General are implemented.
  - 4) Integrity of the financial statements of the Authority is maintained at all times
  - 5) Disagreements between management and any auditor regarding the Authority's financial reporting are resolved
  - 6) Special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency are conducted

**iii) Technical and Strategy Committee**

This is a committee of the Board whose key responsibilities are Legal compliance to: -

- Review, approve and/or recommend for Board's approval;
  - 1) Proposals formulated by Management for re-classification of roads,
  - 2) The road works programme formulated by Management for all roads under the Authority's purview,
  - 3) The viability or otherwise of Private Public Partnerships in road projects,

**iv) Procurement and Disposal Oversight Committees**

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
  - 1) The consolidated Annual Procurement and Disposal Plans,
  - 2) Revision of the approved Consolidated Procurement Plans,
  - 3) Quarterly procurement reports,
  - 4) Procurement of goods, services and projects that would require external financing,
  - 5) Proposals for contract awards for strategic procurements.
- Ensure that;
  - 1) Contracts awarded comply with the law,
  - 2) The approved Annual Procurement Plan is duly implemented.

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**v) Office of the Auditor General**

The Annual Report and Financial Statements of the Kenya National Highways Authority are audited in accordance with Article 229 *sub article 7* of the Constitution of Kenya and Section 35 of the Audit Act 2015

**vi) Development Partner Oversight Activities**

This group constitutes Bi/Multi – lateral co-financiers with the Government of the Republic of Kenya for development projects under implementation of the Authority, whose key responsibilities include:

- 1) To examine the annual reports of the Auditor General on the financial statements of projects,
- 2) To conduct financial management supervision and offer project implementation support,
- 3) Review of quarterly Interim Financial Management Reports and
- 4) Commission independent auditors to undertake financial and technical review of projects under their financing.

**(vii) The Public Investments Committee**

This is a Parliamentary Select Committee charged with the responsibility of examining the activities of state agencies. It receives audit reports from the Clerk of the National Assembly who in turn would have received them from the Authority.

Its key responsibilities as appertains to the Authority are to: -

- 1) Examine the Reports of the Auditor General on the financial statements of the Authority,
- 2) Examine, in the context of the autonomy and efficiency of the public investments,
- 3) Examine whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.

Within three months after receiving the PIC report, Parliament shall debate and consider the report and take appropriate action.

**(f) Kenya National Highways Authority Headquarters**

**Nairobi, Kenya**

Barabara Plaza, Jomo Kenyatta International Airport (JKIA),

Off Mazao Road

P.O. Box 49712 - 00100

**Nairobi, Kenya**

**(g) Kenya National Highways Authority Contacts**

Telephone: (254) 02 8013842

E-mail: [dg@kenha.co.ke](mailto:dg@kenha.co.ke)

Website: [www.kenha.co.ke](http://www.kenha.co.ke)

**(h) Kenya National Highways Authority Bankers'**

1.KCB Bank Ltd

Moi Avenue Branch

P.O Box 30081 -00100

**Nairobi, Kenya**

3. National Bank of Kenya

Hill Plaza Branch

P.O. Box 45219 - 00100

**Nairobi, Kenya**

5. Equity Bank Limited

Equity Centre Branch

P.O Box 75104 - 00200

**Nairobi, Kenya**

2. Co-operative Bank of Kenya Ltd

Upper Hill Branch

P.O Box 30415-00100

**Nairobi, Kenya**

4.NCBA Bank Plc

NCBA House

P.O Box 44599 - 00100

**Nairobi, Kenya**

**(i) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 - 00100

**Nairobi, Kenya**

**(j) Principal Legal Adviser**

The Attorney General




State Law Office


Harambee Avenue

P.O. Box 40112 - 00200





**Nairobi, Kenya**

**2. THE BOARD OF DIRECTORS**


Director	Brief Profile
 <p>1. Eng. Wangai Ndirangu, MIEK, RCE Chairman</p>	<p>Date of Birth: 20<sup>th</sup> September 1973  Masters in Water Engineering  Bachelor of Technology in Civil &amp; Structural Engineering  Professional Membership: Member of the Institution of Engineers of Kenya,  Registered Consulting Engineer  Lecturer, Jomo Kenyatta University of Agriculture &amp; Technology  Consultant in Water Resources and Engineering  21 years of management experience</p>
 <p>2. Mr. Charles R. Gathogo Director</p>	<p>Date of Birth: 24<sup>th</sup> February 1966  Masters in Cadastral Application  Bachelor of Science (Survey and Photogrammetry)  Professional Membership: Licensed Land Surveyor and GIS Consultant with the Institute of Surveyors of Kenya.  23 years of management experience in Engineering Survey, Cadastral Surveying and planning.  <i>(Re-appointed 18<sup>th</sup> November, 2020)</i></p>
 <p>3. Eng. Carey O. Orege, CBS Director</p>	<p>Date of Birth: 14<sup>th</sup> October, 1955  Bachelor of Science (Highway Engineering)  Bachelor of Science (Civil Engineering)  Professional Membership: Member of the Institution of Engineers of Kenya  Registered Consulting Engineer,  41 years of management experience gained in both public and private sector.</p>

Director	Brief Profile
 <p>4. FCPA. Julius W. Mwatu Director</p>	<p>Date of Birth: 9<sup>th</sup> December, 1972                      Master of Business Admin. (Finance)                      Bachelor of Science (Statistics)                      Professional Membership:                      Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Secretaries (ICS), Institute of Certified Investment &amp; Financial Analysts (ICIFA)                      20 years of experience specialising in audit, tax, finance and integrated reporting.  <i>(Appointed 18<sup>th</sup> November, 2020)</i></p>
 <p>5. Arch. Winfrida W. Ngumi Director</p>	<p>Date of Birth: 22<sup>nd</sup> December, 1974                      Bachelor of Architecture (Hons)                      Professional Membership: Member of the Architects Association of Kenya.                      Member of the Kenya Association of Manufacturers and the Kenya Private Sector Alliance                      18 years of experience in the building, construction and manufacturing industry  <i>(Appointed 18<sup>th</sup> November, 2020)</i></p>
 <p>6. Ms. Brenda N. Mayabi Director</p>	<p>Date of Birth: 25<sup>th</sup> June, 1992                      Bachelor of Law (Hons)                      Professional Membership: Law Society of Kenya, East African Law Society  <i>(Appointed 18<sup>th</sup> November, 2020)</i></p>
 <p>7. Eng. Francis Gitau Director-Alternate to PS (Infrastructure)</p>	<p>Date of Birth: 1965                      Executive Master of Business Administration                      Bachelor of Science (Civil Engineering)                      Advanced Professional Training in Management of Road Maintenance                      Chairman, Mechanical Transport Fund                      Professional Membership: Member of the Institution of Engineers of Kenya                      33 years of public service management experience</p>





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Director	Brief Profile
 8. Mr. Protus Sigei Director – Alt. to CS (National Treasury & Planning)	Date of Birth: 1 <sup>st</sup> December 1965 Master of Science. Bachelor of Arts (Hons) Economics (with Mathematics) Member of the Society for Benefit-Cost Analysis Professional Membership: Graduate of the Australian Institute of Company Directors (GAICD) 21 years of experience in Board directorship.
 9. Mr. George Wanjau Director – Alt. to PS (Transport)	Date of Birth: 19 <sup>th</sup> January, 1962 Master of Science (Project Planning & Financing) BA (Economics) Economist and Urban Transport Planner. 34 years of Public Sector Management experience
 10. Ms. Mary Gesare Director	Date of Birth: 31st January 1968 Bachelor of Business Management Professional Membership: Institute of Human Resource Management (IHRM) Other membership: Infrastructure Committee, Devolution and Security Committee (KAM) 28 years of management experience <i>(Retired on 18<sup>th</sup> September, 2020)</i>
 11. CPA Andrew C. Mitei Director	Date of Birth: 9th June 1956 Bachelor of Commerce (Accounting) Professional Membership: Institute of Certified Public Accountants (Kenya) Member, Australian Institute of Company Directors 41 years of Private Sector Management experience <i>(Retired on 18<sup>th</sup> September, 2020)</i>

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<b>Director</b>	<b>Brief Profile</b>
 <p>12. Eng. Peter M. Mundinia, EBS Director General &amp; Secretary to the Board</p>	<p>Date of Birth: 7<sup>th</sup> December, 1963 Master of Business Administration Bachelor of Science (Civil Engineering) Diploma in Theology Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya Member of Kenya Institute of Management (KIM) 33 years of management experience</p>




**3. MANAGEMENT TEAM**

Manager	Brief Profile
 <p>1. Eng. Peter M. Mundinia, EBS Director General</p>	<p>Date of Birth: 7<sup>th</sup> December 1963  Master of Business Administration  Bachelor of Science (Civil Engineering)  Diploma in Theology  Professional Membership: Member of the Institution of Engineers of Kenya  Registered Professional Engineer with Engineers Board of Kenya  Member of Kenya Institute of Management (KIM)  33 years of management experience</p>
 <p>2. Eng. Samuel O. Omer Director ,Highway Planning &amp; Design</p>	<p>Date of Birth: 17<sup>th</sup> December 1962  Bachelor of Science (Civil Engineering)  Professional Membership: Member of the Institution of Engineers of Kenya  34 years of Management experience</p>
 <p>3. CPA James K. Bowen Director, Corporate Services</p>	<p>Date of Birth: 1<sup>st</sup> January, 1973  Master of Business Administration  Bachelor of Commerce (Accounting)  Professional Membership: Certified Professional Credit Manager (CPCM), Certified Public Secretary (CPS K), Certified Public Accountant (CPAK)  Professional Membership: Member of ICPAK and ICPSK  24 years of Management experience</p>
 <p>4. Eng. David Muchilwa Director, Development</p>	<p>Date of Birth: 28<sup>th</sup> December 1964  Bachelor of Science (Civil Engineering)  Professional Membership: Member of the Institution of Engineers of Kenya  32 years of Management experience</p>

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Manager	Brief Profile
 <p>5. Eng. Njuguna Gatitu            Director, Policy, Strategy &amp; Compliance</p>	<p>Date of Birth: 1965            Bachelor of Science (Civil Engineering)            Post Graduate Diploma in Computer Science            Professional Membership: Member of the Institution of Engineers of Kenya            31 years of Management experience</p>
 <p>6. Eng. Kungu Ndungu            Director Road Asset &amp; Corridor Management</p>	<p>Date of Birth: 18<sup>th</sup> October 1972            Executive Master of Business Administration            Bachelor of Science (Civil Engineering)            Registered Professional Engineers Board of Kenya,            Professional Membership: Member of the Institution of Engineers of Kenya (IEK)            Member of the Kenya Institute of Management (MKIM),            25 Year of Management Experience  <i>(Appointed 15<sup>th</sup> July, 2020)</i></p>
 <p>7. Dr.CPA. Sammy Kimunguyi            Director, Audit Services</p>	<p>Date of Birth: 22<sup>nd</sup> September, 1980            Bachelor of Education            Master of Arts in Project Planning &amp; Management            Doctor of Philosophy in Business Management            Professional Membership: Certified Information Systems Auditor (CISA)            Certified Fraud Examiner (CFE)            Certified Public Accountant (CPA)            Certified Information System Auditor (CISA)            Professional Membership: Member of ICPAK, ISACA, CFE            14 years of Management Experience  <i>(Appointed 11<sup>th</sup> March, 2021)</i></p>
 <p>8. Ms. Norah Odingo-Kajwang            Corporation Secretary/Deputy</p>	<p>Date of Birth: 27<sup>th</sup> April 1969            Master of Business Administration            Bachelor of Laws            Registered Advocate of the High Court of Kenya            Professional Membership: Member of the Law Society of Kenya            Member of the Certified Public Secretaries of Kenya            26 years of Management experience</p>

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Manager	Brief Profile
Director, Head of Legal Services	
 <p><b>9. Ms. Levina Wanyonyi</b> Deputy Director, Head of Supply Chain Management</p>	<p>Date of Birth: 13<sup>th</sup> February 1972  Master of Business Administration  Bachelor of Science  Professional Membership: Kenya Institute of Supplies Management,  The Chartered Institute of Purchasing &amp; Supply  Institute for Management of Information Systems  24 years of Management experience.</p>
 <p><b>10. CPA. William O. Masita</b> Director, Audit Services</p>	<p>Date of Birth: 2<sup>nd</sup> February 1979  Master of Business Administration,  Bachelor of Arts (Economics)  Professional Membership: Certified Information Systems Auditor (CISA)  Certified Internal Auditor (CIA)  Certified Public Accountant (CPA)  Certified Public Secretary (CPS)  Professional Membership: Member of ICPAK, ISACA, IIA  17 years of Management Experience  <i>(Resigned on 15<sup>th</sup> September 2020)</i></p>
 <p><b>11. Fuad Ali</b> Ag. Director, Audit Services</p>	<p>Date of Birth: 11<sup>th</sup> March 1968  Bachelor of Commerce (Accounting)  Executive Master of Business Administration  Professional Membership: Institute of Certified Public Accounts,  Association of Certified Fraud Examiners  Certified Public Accountant (CPA))  28 years of Management Experience  <i>(Resigned on 15<sup>th</sup> December, 2020.)</i></p>

#### **4. CHAIRMAN'S STATEMENT**

Dear Stakeholders,

It is my pleasure to present the Authority's Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2021. The Authority made significant progress in delivering its mandate despite the challenges posed by the outbreak of the Covid-19 pandemic. During the period, the Authority completed the mid-term review of its FY 2018/2019 – 2022/2023 Strategic Plan, aligning it to the ever-dynamic business environment. The plan provides a road map that will guide the Authority's strategy over the next two years.

Provision of adequate, safe and efficient national trunk road network remained a top priority for the Government being a key enabler towards meeting the aspirations of Vision 2030 and the Big four development agenda. The Authority made significant investments geared towards constructing new roads and maintaining the existing roads which is key in minimising road user costs and reducing travel time.

The Authority remained steadfast in delivering projects through Public-Private Partnerships with the construction of the Nairobi Expressway being at 35% as at the close of the financial year. The Authority projects that in the FY 2021/2022, the PPP agreement for construction of the Nairobi - Nakuru - Mau Summit highway will be finalised. The Authority also played a critical role in providing backbone road infrastructure to support the Dongo Kundu Special Economic Zone. This included the ongoing construction of Mwache - Tsunza – Mteza Road, Mteza - Kibundani Road and access roads to the SEZ. To facilitate the operations of Lamu Port, the construction of Lamu – Ijara - Garisa Road section of LAPSSET corridor also commenced while the construction of Garsen - Witu - Lamu was significantly complete. In enhancing access to agricultural zones, the Authority commenced the construction of Mau Mau Roads (641 km) and Marsabit - Segel Road. The Authority plans to upgrade the Mombasa - Mtwapa - Kilifi road with the dualling of Mombasa - Mtwapa section scheduled to commence during FY 2021/2022. Other road networks scheduled for upgrading in the FY 2021/2022 to enhance accessibility include Mamboleo - Miwani – Chemelil – Kipsetet Road, Barpelo - Tot - Marichpass Road and Kinango - Kwale Road.

The Authority continued to engage its stakeholders in policy development, project identification, project design, and implementation to ensure the sustainability of project interventions. We operationalised grievance redress mechanisms in all ongoing projects and monitored the implementation of environmental and social safeguards in projects. The Authority also implemented

**KENYA NATIONAL HIGHWAYS AUTHORITY**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021.**

interventions aimed at HIV/AIDS prevention and promotion of road safety to minimise negative impacts of un-co-ordinated road construction.

Some of the setbacks and risks that affected project implementation include inadequate budgetary provisions, the high cost of land acquisition which resulted to the high stock of pending bills and delays in relocating utilities from the required right-of-way. The restrictions in movement and disruption of the supply chain for construction materials due to the Covid-19 pandemic also led to slower projects implementation. The Authority has put in place measures to guarantee the safety of our customers and staff during project implementation in line with the Ministry of Health COVID-19 protocols and guidelines.

The Board remained steadfast in its fiduciary responsibility by ensuring efficient and transparent utilisation of resources allocated to the Authority. During the financial year, CPA. Andrew Mitei and Ms. Mary Gesare retired from the Board whereas Mr. Charles Gathogo was reappointed for his second term. On the other hand, three new entrants; Ms. Brenda Mayabi, Ms. Winfrida Ngumi and FCPA. Julius Mwatu were appointed to join the Authority's Board of Directors. I wish to thank my fellow Directors for their invaluable support and contribution during the financial year.

I wish to express my sincere gratitude to the Authority's Management and Staff for their dedication and teamwork that enabled the Authority to deliver on its mandate. I also thank all stakeholders, including our Customers, the Government of the Republic of Kenya and Development Partners, for their support which helped us deliver on our mandate effectively.

Sincerely,



**Eng. Wangai Ndirangu, MIEK, RCE**  
**Chairman of the Board of Directors**  
..... June, 2022

## **5. DIRECTOR GENERAL'S STATEMENT**

Dear Stakeholders,

An efficient transport network is a crucial enabler in achieving the government's "Big Four" Development Agenda of enhancing manufacturing, food security and nutrition, universal health coverage, and provision of affordable housing. Such a network further aids the achievement of the "Kenya Vision 2030". This Annual Report for FY 2020/2021 presents the Authority's Financial Statements highlighting utilisation of allocated funds over the year ended 30<sup>th</sup> June 2021. It also provides an overview of the projects and programmes implemented by the Authority to ensure efficiency in road transport. The report has been prepared as per the International Public Sector Accounting Standards and conforms with Section 44 of the Kenya Roads Act, 2007.

The Authority continued to deliver on its mandate during the year as envisioned in the FY 2018/2019 – 2022/2023 Strategic Plan. In enhancing efficiency and capacity within the national trunk roads network, the Authority substantially completed the construction of Lodwar – Lokitaung Junction Road, Loichangamatak – Lodwar Road, Kibwezi – Mutomo - Kitui Road, Kainuk Bridge and the Link Road to the new Lamu Port. The Authority also completed the construction of footbridges at Witeithei, Mangu, School of Monetary Studies and Garden City Mall to enhance road safety. During the year under review, construction works continued on key road links including Eldoret Bypass; Nairobi Western Bypass; Garsen – Witu - Lamu; Mwache – Tsunza – Mteza; Mteza – Kibundani; Mombasa – Kwa Jomvu; James Gichuru Junction – Rironi; Isebania – Kisii – Ahero; Dualling of Magongo (A109L) Road; Phase II; Mau Mau Road Lot1A: Kiambu - (Gataka - Iria Ini – Kagaa – Matimbei - Kamahindu & Spur roads); Mau Mau Road Lot1B: Kiambu (Kamahindu –Gatamaiyu – Nduriri – Nyanduma -Wangui - Mataara-Gatakaini & other spur roads); Naivasha – Njabini Road among other projects which are at various stages of completion.

During the year under review, we commenced the construction of critical road infrastructure to enhance national and regional integration, improve accessibility and improve road safety. The new projects included the construction of Lokichar – Loichangamatak, Kenol – Sagana, Sagana – Marua, Mau Mau Road Lot 2 Murang'a (Mairi-Kinyona-Mununga-Ichici-Tuthu-Wanjerere-Kagongo-Kairo) and Thika - Magumu Road. We also undertook design studies for Mai Mahiu – Suswa Road, Marua – Nanyuki – Lewa Road, Maralal – Baragoi Road, Baragoi – North Horr Road, North Horr – Marsabit Road, Muthaiga – Kiambu – Ndumberi Road and Kiambu – Ngewa – Nembu Road in readiness for their rehabilitation.

We utilised the Performance-Based Contract (PBC) maintenance approach to guarantee timely maintenance intervention on our road network and ensuring high service levels. The high service levels resulted in reduced vehicle operating costs, risk sharing with contractors, prompt response to emergencies, improved road safety and reduced encroachments on our road reserves.

During the year under review, we planted 280,000 mangrove seedlings along Mwache – Kibundani road to promote sustainable ecological balance and undertook environmental and social impact assessment studies for all new development projects. We undertook environmental audits for Nairobi Western Bypass, Loichangamatak – Lodwar, Lodwar- Lokitaung, Lokitaung – Kalobeyei River and Kalobeyei River - Nandapal to ensure compliance to the set environmental and social safeguards. We further reviewed our Customer Service Charter as a commitment to enhancing service delivery. We also fully automated the processing of Exemption Permits and roadside development applications and adopted the Lipa na M-pesa payment platform in all our ten regions. This is meant to simplify the process of acquiring Exemption Permits and Roadside Development approvals which applicants can now apply and pay at the comfort of their offices,

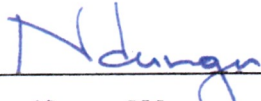
The Authority continues to face challenges of inadequate budgetary allocations to its development projects. The above has resulted to the accumulation of development pending bills from certified works payment certificates, approved fee notes from road designs and supervision consultancies and awards to Project Affected Persons which had grown to Kshs. 50.7 billion as at the end of the financial year on 30<sup>th</sup> June 2021. Inadequate budgetary allocations to development projects continue to pose setbacks on timely project completion and often lead to increased project costs due to interest charges and contractual claims associated with slowed execution of works, suspension of works due to overdue accounts hence idle equipment and labor and resultant extension of time. The Authority further faced challenges of encroachments on its road reserves and vandalism of road furniture which have together compromised the safety of motorists and other road users.

I wish to thank the Authority's Board of Directors for the exceptional leadership, guidance and support accorded to the Management throughout the year. I commend members of staff for their unwavering effort that ensured that the Authority remained steadfast in delivering its mandate. I extend my gratitude to the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, the National Treasury and Development Partners for financing our projects and programmes.

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Finally, I wish to thank all other stakeholders for their invaluable contribution to the continuous improvement of the national trunk road network.

Sincerely



**Eng. Kungu Ndungu**  
**DIRECTOR GENERAL**  
.....June, 2022

**6. STATEMENT OF AUTHORITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021**

During the year, the Authority implemented projects and programmes as espoused in its FY 2018/2019 – 2022/2023 Strategic Plan, which is aligned to the Kenya Vision 2030, third medium term plan and the road sector investment plan.

During the year, the Authority substantially completed 5 No. projects which include Kibwezi – Mutomo – Kitui (A9/B64), Link Road to Lamu Port, Likoni Floating Bridge, Lodwar - Lokitaung Junction (A1) and Kainuk Bridge (A1). The Authority plans to develop engineering designs of 9 No. roads in FY2021/2022 which include North Horr - Jn Daradhe Ap Camp (A4), Dif - Wajir (A14), Wajir - Buna (A14), Buna - A2 Moyale (A14), Eldoret Eastern Bypass, Kericho Northern Bypass, Kithimani – Kabaa – Mwala – Makutano -Wamunyu – Nduluku – Kilala (Itangini), Dualling of Eldoret Town (A8), Thika - Kenol Highway (A2) and Thika Town Roads & Nyeri Town Roads, Mai Mahiu – Suswa (B7) and Marua – Nanyuki – Lewa (A2).

The Authority focused on delivering its mandate in line with the six key result areas identified in its Strategic Plan. Some of the key achievements include:

<b>KRA No.</b>	<b>Key Result Area</b>	<b>Objective</b>	<b>Key Performance Indicator</b>	<b>Activities</b>	<b>Achievements</b>
1.	Development of Roads and Enhancement of Network Capacity and Quality	To enhance efficiency and capacity within the national trunk roads network	No. of Lane KM	Construction of 306.7 lane km of New road under Vision 2030 flagship projects	270.64 Lane km
				Capacity enhancement of 212 Lane km of roads under Vision 2030 flagship projects	285.83 Lane km
				442 Lane km of New Construction of Roads under 'Big four Initiatives & 'Priority programmes/ projects	165.56 Lane km
			No. of Designs completed	Finalise engineering Designs for six (6) roads	Final Designs for 5 No projects (Maralal – Baragoi, Baragoi – North Horr North Horr – Marsabit, Muthaiga – Kiambu – Ndumberi and Kiambu – Ngewa –

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<b>KRA No.</b>	<b>Key Result Area</b>	<b>Objective</b>	<b>Key Performance Indicator</b>	<b>Activities</b>	<b>Achievements</b>
					Nembu) were developed
			No. of professional Graduates engaged	Provide internship/industrial attachment/apprenticeship to 200 applicants.	Internship/industrial attachment/apprenticeship provided for 201 applicants
2.	Securing and Preservation of Road Assets	To preserve the Quality of the National Trunk Road Network	No. of Km put under routine maintenance	Routine maintenance of 11,757 lane km	11,906 lane km
			No. of Km put under periodic maintenance	Periodic maintenance of 300 lane km	277 Lane km
			No. of Km under PBC	Performance-Based maintenance of 15,894 lane km	15,676 Lane km
		To Define, Delineate and Clear Road Reserves and Dept. camps	No. of road reserve marker posts installed	Install and maintain 1,504 road reserve marker posts	1,779 No. road reserve marker posts installed and maintained
			No. of Km mapped	Operationalise GIS by mapping 2,000 km of road reserve corridor on GIS database	2,882 km mapped
3.	Environment and Social Sustainability	To ensure environmental sustainability and promote social interest	No. of trees planted	Plant 150,000 Mangrove trees to rehabilitate the ocean along MPARD Package 2 & 3 projects	160,000 Mangrove trees planted
			No. of projects Audited	Undertake Environmental Impact Assessment (EIA) Audit for five (5) ongoing projects	Environmental audits for Nairobi Western, Lochangamatak – Lodwar, Lodwar – Lokitaung, Lokitaung – Kalobeyei River and Kalobeyei River – Nandapal undertaken and

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KRA No.	Key Result Area	Objective	Key Performance Indicator	Activities	Achievements
					reports submitted to NEMA
			No. of ESIA Reports	Conduct Environment Social Impact Assessment (ESIA) for five (5) new projects.	ESIA reports for Mamboleo – Muhoroni – Chemilil and Isinya – Konza – Malili were submitted to NEMA
			No. of RAP studies undertaken	Undertake Resettlement Action Plan (RAP) for Kiambu -Ngewa-Kibichoi	Prepared final Resettlement Action Plan for Kiambu Ngewa Kibichoi
4.	Enhancement of Institutional Framework and Capacity		No. of documentaries done	Document and air documentaries for five (5) road projects	Aired documentaries for Likoni floating bridge, Nairobi Expressway, Mombasa-Mtwapa-Kilifi Road, Kenol-Sagana-Marua and Mau Mau Roads
			No. of Reviewed Policies	Review the KeNHA Integrity and Anti-Corruption Policy	Reviewed Integrity, Anti-Corruption & Whistle-blower policy
			No. of critical position filled	Undertake recruitment to fill vacant/critical positions	11 No. critical positions filled during the year.
5.	Effective Resource Mobilisation	To Mobilise Additional Financial Resources to Bridge any Financing Gaps	<ul style="list-style-type: none"> <li>Commercial agreement signed</li> <li>Independent expert procured</li> </ul>	Sign Commercial agreement for the construction of Nairobi – Nakuru – Mau Summit the road and procure an independent expert for the project	The commercial agreement for Nairobi – Nakuru – Mau Summit was signed in September 2020 and an independent project expert procured

KRA No.	Key Result Area	Objective	Key Performance Indicator	Activities	Achievements
			% progress of road completed	Attain 10% progress on works for the development of Nairobi Expressway PPP project	The project achieved physical progress of 38%.
6.	Leadership and Governance	To Strengthen Leadership and Integrity Within the Authority	No. of projects Audited	Audit 24 No. projects	17 no. projects audited
			No. of audit follow-ups undertaken	Undertake 13 No. Audit Follow-ups for both Internal and External Audits	5 No. audit follow up of projects
			<ul style="list-style-type: none"> <li>• No. of CRA undertaken</li> <li>• Corruption risk mitigation plan developed</li> </ul>	Undertake Corruption Risk Assessment (CRA) and develop a corruption risk mitigation plan focusing on Core mandate, ICT, payroll management, procurement and financial management	Undertook a Corruption Risk Assessment and developed a corruption risk management plan.

## **7. CORPORATE GOVERNANCE STATEMENT**

The Kenya National Highways Authority is committed to the values and principles of good corporate governance as an integral part of the corporate culture. This guides the way its Directors, Management and Staff conduct the business of the organization. As a public sector organization dedicated to providing quality service to its stakeholders, the Authority's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, the Leadership and Integrity Act, Corporate Governance Guidelines and the Authority's code of conduct. The Authority endeavours to develop, strengthen and sustain the trust that the Government, employees and the public have bestowed on it. The Board is committed to regularly evaluating national and international standards in responsible, transparent and efficient manner with a view of enhancing corporate governance at the Authority and consistently delivering on its statutory mandate.

The Authority's Board is constituted as per the provisions of the Kenya Roads Act, 2007 with membership drawn from both the public and private sector. The Board is composed of nine (9) Directors with six directors having a background or knowledge in the following areas:

- Business Industry
- Highway Engineering
- Transport economics
- Surveying
- Accountancy
- Law

In line with the provisions of the Kenya Roads Act, 2007, the Chairman and other members of the Board, other than designated public officers, shall hold office for a period of three years from the date of appointment and may be eligible for re-appointment for one further term. The appointment of all members of the Board as first constituted and at every change in membership shall be by notice published in the Kenya Gazette. The Director General is appointed by the Board in consultation with the Cabinet Secretary in charge of roads following a competitive recruitment process.

New Directors are provided with extensive materials on the Authority and its operations, the procedures relating to the Board and its Committees and their duties and responsibilities as Directors.

The primary function of the Board of Directors' (the Board) is to provide effective strategic leadership and direction to enhance the long-term value of the Authority to its stakeholders. The Board has the overall responsibility for overseeing the development and implementation of the strategic plan, performance objective, financial plans, annual budget, key operation initiatives, financial

performance reviews and corporate governance practices. They are also responsible for instilling the appropriate culture, value and behaviour throughout the organization. The Board is therefore committed to maintaining very high standards of corporate governance and ethical conduct.

The Board has established four Committees from among its Members to assist in the execution of its responsibilities. These are the Finance Human Resources and General Purpose Committee (FHRGPC), the Audit, Risk and Governance Committee (ARGC), the Technical and Strategy Committee(TSC) and the Procurement and Disposal Oversight Committee (PDOC). Each of these Committees operates pursuant to approved terms of reference delegated to them by the Board. The Board and each Committee have scheduled meetings held in every quarter of the financial year. The Chairman of each Committee regularly reports to the full Board on the Committee's deliberations at quarterly meetings of the Board.

. Each of these Committees operates pursuant to approved terms of reference delegated to them by the Board. The Board and each Committee have scheduled meetings held in every quarter of the financial year. The Chairman of each Committee regularly reports to the full Board on the Committee's deliberations at quarterly meetings of the Board.

Board Meetings held during the Financial Year and individual attendance of the same by the Directors is shown on page xxvi.

### **Succession Planning**

The Authority recognizes that succession planning forms an integral part of the Authority Human Resource Strategy and ensures the presence of a 'talent pipeline' that guarantees continuity of business in the event that key persons exit the Authority. It allows for the selection and preparation of individuals to ascend to the next level in the organization through appropriate Human Resource Intervention.

### **Board Charter**

The Authority maintains a Board Charter that is a guide for Directors of the Kenya National Highways Authority (KeNHA) when executing their mandate. It expounds and sets out the Directors' collective and individual powers, rights, duties, obligations, responsibilities and liabilities.

The Charter enshrines the requirements of good corporate governance applicable to the Authority that meets the requirements of the enabling legislation and the Code of Governance for State Corporations (Mwongozo). It serves to facilitate and promote effective governance that is responsible and

responsive to the Government's policies and guidelines on State Corporations.

It also provides a framework through which the Board carries out its statutory mandate in compliance with the international principles of corporate governance, laws, regulations and policies of state corporations.

### **Induction and Training of the Board**

The Authority ensures that the Board's capacity is continually built through trainings and workshops and encourages Board Members to be up to date with continuous professional development in their respective bodies. The Authority further prepares and implements an annual Board Training Plan to ensure capacity building of the Board as regards their needs.

An induction process is undertaken for all new Board Members to familiarize themselves with their role as Directors and acquaint themselves with KeNHA's mission, vision, core values, mandate, strategic direction, code of conduct and ethics, best Corporate Governance practices and approved policies and procedures.

The Chairperson of the Board spearheads this process in line with the Induction for New Directors Programme to ensure that new Board Members are inducted according to the induction programme.

**Board Remuneration**

Board Remuneration by the Authority is guided by the relevant statutory Guidelines from the State Corporations Advisory Committee (SCAC) and Circulars issued from time to time by SCAC. The Authority endeavours to remunerate the Board members fairly, ethically and responsibly.

A schedule of individual board members, their position and number of meetings attended and held are as shown below;

<b>No.</b>	<b>Name of Director</b>	<b>Board Position</b>	<b>No. of Meetings Attended/Held</b>
1	Eng. Wangai Ndirangu, MIEK, RCE	Chairman	17/17
2	Eng. Carey Orege CBS, MIEK, RCE	Member (Chair- TSC)	14/14
3	Arch. Winfrida W. Ngumi	Member (Chair- PDOC)	5/5
4	FCPA Julius W. Mwatu	Member (Chair- ARGC)	5/5
5	Mr. Charles Gathogo	Member (Chair- FHRGPC)	12/14
6	Mr. George Wanjau	Member	16/17
7	Mr. Protus Sigei	Member	15/17
8	Eng. Francis Gitau	Member	8/17
9	Ms. Brenda N. Mayabi	Member	5/5
10	CPA. Andrew Mitei	Member (Former Chair –FHRGPC)	7/7
11	Ms. Mary Gesare	Member (Former Chair –PDOC)	7/7

**8. MANAGEMENT DISCUSSION AND ANALYSIS**

**Mandate**

To develop and manage quality and adequate national trunk roads through innovation and optimal utilization of resources for sustainable development.

**SECTION A**

**The Entity's Operational Performance**

**Road Maintenance**

The Authority is undertaking numerous road maintenance projects on our entire road network as summarized in the table below.

No.	Project Activity	Targeted Output(lane Km)	Actual Output(lane Km)	Source of Funding
1.	Periodic maintenance	289	280	Road Maintenance Levy Fund
2.	Routine maintenance	11,652	12,376	Road Maintenance Levy Fund
3.	Performance Based Contracts	15,895	13,831	Road Maintenance Levy Fund
	<b>Total</b>	<b>27,836</b>	<b>26,487</b>	

**Development & Rehabilitation Projects**

The Authority is implementing a number of development projects across the country on behalf of the Government. A number of these projects are co-funded with the government's Development Partners which include the International Development Association (IDA), African Development Bank (AfDB), Export Import (EXIM) Bank and Japanese International Co-operation (JICA).

No.		Current status	No. of projects	Value of Contract Sums in Kshs. Millions
1.	Fully funded by GoK	Completed	2	6,588
		Substantially complete	2	13,726
		On-Going	10	50,919
		Under Procurement	7	33,516
		<b>Sub-total</b>	<b>21</b>	<b>104,749</b>
2.	Jointly funded by GoK & IDA( EARTTDFP)	Completed	2	11,961
		Substantially complete	1	6,782
		On-Going	3	22,121
		<b>Sub-total</b>	<b>6</b>	<b>40,864</b>

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3.	Jointly funded by GoK & IDA( KTSSP)	Completed	4	21,934
		Substantially complete	2	10,951
		On-Going	3	20,664
		<b>Sub-total</b>	<b>9</b>	<b>53,549</b>
4.	Jointly funded by GoK & AfDB	Completed		
		Substantially complete	2	20,358
		On-Going	5	32,758
		Under Procurement	1	-
		<b>Sub-total</b>	<b>8</b>	<b>53,116</b>
5.	Jointly funded by GoK & EXIM Bank of China	Substantially complete	1	21,546
		On-Going	1	17,662
		<b>Sub-total</b>	<b>2</b>	<b>39,208</b>
6.	Jointly funded by GoK & JICA	Substantially complete	1	4,808
		On-Going	1	24,236
		<b>Sub-total</b>	<b>2</b>	<b>29,044</b>
7.	Jointly funded by GoK & TMEA	On-Going	1	3,576
		<b>Sub-total</b>	<b>1</b>	<b>3,576</b>
8.	Jointly funded by GoK & EIB	In contracting process	1	10,339
		<b>Sub-total</b>	<b>1</b>	<b>10,339</b>
<b>GRAND TOTAL</b>				<b>334,445</b>

**SECTION B**

Entity's compliance with statutory requirements

The Authority has complied with all statutory requirements which include: -

- 1) Accurate and timely remittance of monthly;
  - i. National Hospital Insurance Fund contributions,
  - ii. National Social Security Fund contributions,
  - iii. Pay As You Earn recoveries
  - iv. Withholding Tax
  - v. Value Added Tax
  - vi. Training Levy
- 2) Prompt payment of vendors subject to budget and liquidity

**SECTION C**

**Key Projects and Investment Decisions the Entity is Implementing**

The Authority is implementing projects using funds from Development Partners and the Government of Kenya as summarized in *Appendix II*.

**SECTION D**

**1.0 The Key Corporate Risk Profile**

The key corporate risks for the Authority have been classified into three broad categories namely Strategic, Operational and Financial Risks. However, it is worth noting that all the risks stated herein would have negative financial implications whenever they crystallize.

**Strategic Risks**

1. Works Contract Management Risk
2. Design & Structural Risks
3. Disaster and Pandemic Risk
4. People Risk
5. Reputation Risk

**Operational Risks**

6. Road Reserve and Camp Encroachment Risk
7. Cyber Security Risk
8. Public Private Partnership (PPP) Risks
9. Road Asset Management Risks

**Financial Risks**

10. Budgetary Constraints Risk
11. Low Absorption of RMLF Funds

**2.0 Actions Taken to Address Key Risks**

Actions taken to address the key risks in the Authority are as summarized below:

1. To address the risks identified in Road Asset Management, a draft maintenance policy has been prepared. The objective of the policy is to give a framework for sustainable road maintenance to facilitate economic growth. This Policy proposes strategies for sustainable road maintenance, innovative financing strategies and enabling legal framework and will be presented to the Cabinet Secretary for the line ministry for approval.
2. A proposal for management of consultants is being prepared to facilitate more effective

supervision of contractors and address some of the risks identified on the following Corporate Risks; Works Contract Management Risks; Highways and Structures Design Risks, Road Asset Management Risks as well as Road Reserve and Camp Encroachment.

Further, there has been an improvement in documentation of risks and implementation of the mitigation strategies in projects. Project Implementation teams have prepared project risk registers, with some tracking and including progress of implementation of mitigation strategies in their monthly progress reports. Risk management improves attainment of objectives.

3. To ensure enhanced absorption of RMLF funds, the Authority has adopted early planning and procurement for maintenance works. The 1<sup>st</sup> and 2<sup>nd</sup> quarter maintenance works for FY 2021/2022 were advertised to be submitted on 5<sup>th</sup> July 2021 to facilitate timely implementation of these works and enhance absorption of RMLF.
4. All actions reported in December 2020 to assist in combating the COVID-19 are still in place. The Committee arranged a vaccination exercise carried out on 1<sup>st</sup> April 2021 for staff in the Headquarters. Administration of the second dose of the vaccine was conducted on 15<sup>th</sup> June 2021. The Authority also identified designated laboratories for COVID-19 testing of its staff. And with the observance of Covid-19 protocols, the bulk of meetings are now held virtually. To enhance security against cyber-attacks, the Sophos XG450 firewall of the Authority was upgraded and deployed. The ICT department further offers support for remote access and virtual meetings/collaboration.  
  
To further enhance security, installation of biometric access systems at the premises has been rolled on at Barabara Plaza and is ongoing in other regional offices.
5. On the whole, the Authority has revised its Strategic Plan. Furthermore, performance reviews will be undertaken every 6 months. It is expected that this will facilitate the Authority in effectively managing its risks and meeting its objectives.

## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

### **i. Sustainability strategy and profile**

The Board of Directors of Kenya National Highways Authority (KeNHA) understands the Authority's position as the custodian of the National highways network and the critical role in providing quality and safe highways for sustainable social and economic development. The Authority has a responsibility to manage and leverage resources in a way that promotes a healthy and sustainable environment. This is in line with the Authority's commitment in the customer service charter to adhere to environmental regulations during the implementation of projects to safeguard the environment and Strategic Plan strategic objective of environmental and social sustainability.

KeNHA's Environmental and Social Safeguards Policy is in line with one of the KeNHA's core value of equity and integrity and assists KeNHA to comply with Kenya's Constitution 2010 and with the provisions in the Environmental Management and Coordination Act (EMCA) of 1999.

The Board of Directors and Management gives a firm commitment of supporting and ensuring that the provisions of this policy are implemented by the Authority and those who work on our behalf as we strive to attain sustainable development

### **ii. Environmental Performance**

Majority of the Authority's functions (design, construction and rehabilitation) change both physical and the socio-economic salient environmental features of the areas they are taking place. The impacts generated by our projects wherever they are taking place include but not limited to the following:-

- Air quality impacts
- Impacts on the ecology
- Impacts on water quality
- Lithosphere impacts
- Occupational health and safety impacts
- Waste generation and disposal impacts
- Socio-economic impacts like displacements
- Noise impacts
- Impacts on utilities among others

The Authority ensures that Environmental and Social Impact Assessments are carried out and required approvals obtained before projects are implemented. The assessments are done by NEMA registered experts who are competitively procured for the assignments in line with the terms of references

developed by the Authority and sometimes together with our development partners (World Bank, African Development Bank among others). More often the consultants are required to come up with a stand-alone Environmental and Social Management Plan which specifies preservation, conservation, preventive and mitigation measures to be implemented by the contractors in order to maintain a clean and health environment in the areas they operate.

The quality of the assessments by our consultants is checked by Environmental and Social Safeguards Department and our development partners in line with their safeguard guidelines and our national guidelines on Environmental Impact Assessment and Audit Regulations, 2003.

Environmental and Social Monitoring of KeNHA projects are done by project implementation supervising consultants who must have in their team Environmentalist and Sociologist. The team supervises the implementation of the developed ESMP and makes the necessary recommendations to the contractor's team who in turn implements the recommendations. Environmental Monitoring is done based on the agreed recommendations of the Environmental and Social Management Plans within the Environmental and Social Impact Assessment reports.

Road/bridge construction contractors are required to prepare the following plans before actual road/bridge construction starts: Within 28 days of the order to commence work, the contractor is required to prepare, submit and implement a project specific overall Environmental and Social Management Plan (ESMP) for the project basing it on the approved project Environmental and Social Impact Assessment. The plan contains the following specific plans:-

- Erosion and Sediment Control Plan (ESCP) to ensure that potential soil erosion and sediment transport to nearby surface-water resources is addressed and protect water quality during road or bridge construct
- Noise and Ground Vibration Control Plan (NGVCP) to reduce the possibility of adverse noise and vibration impacts to human health.
- To prepare and implement a specific Occupational Health and Safety Management Plan which should identify risks and mitigation measures. The plan should provide guidelines on how to deal with environmental emergencies and accidents.
- HIV/AIDS Control Plan to provide guidelines on how HIV/ AIDS awareness and sensitization will be carried out.
- Waste management plan

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- Traffic management plan
- Emergency preparedness plan
- Ecological management plans and
- Hazardous substances management plan

Environmental and Social Monitoring reports are submitted to the Authority by the construction/rehabilitation supervising consultant quarterly for review. The reports are reviewed and action taken on non-conformances. The Authority is responsible for overall supervision of the implementation of environmental and social safeguard recommendation in the projects and oversees Environmental and Social Monitoring during project operation phase.

The Authority is putting a focus on making its infrastructure more resilient to climate change. After participating in 2020 in a training organized by TraCS on climate-proofing transport infrastructure, the template for tender documents for construction consultancies was updated to include climate change.

In the last two years, 250 kilometers of road infrastructure have been climate proofed.

Currently, a study about climate resilience of the Horn of Africa is being implemented. In a road section of about 740 kilometers several activities for increasing infrastructure resilience have been identified, such as climate-resilient pavement that withstands high temperatures.

Constructed roads that are climate proofed, have improved size of structures and caraverts to safeguard investments because of climate change issues. Approximately 500km of the climate proofing done in the last two years.

**iii. Employee welfare**

No.	Policy Documents	Provisions	Efforts made
1.	Human Resource Policy and Procedures	The Manual encapsulates all the policies of the Authority on Human Resource management functions on recruitment , training and development , performance management, terms and conditions of service and welfare services accorded to all staff	The Authority implements on a continuous basis the provisions of the Manual and adheres to the Values and Principles of Public Service of equity and fairness by affording adequate and equal opportunities for appointment , training and advancement to men and women, members of all ethnic groups and persons with disabilities

	Career Guidelines	The grading structure, qualifications, membership with professional bodies are laid down in the guidelines	<ul style="list-style-type: none"> <li>• Strict adherence to the guidelines</li> <li>• Training of staff guided by the requirements for them to advance to the next level positions</li> <li>• Support for Continuous Professional Development given priority</li> </ul>
2.	Policy and compliance with Occupational Safety and Health Act of 2007 (OSHA)	The policy ensures a safe working environment and emergency preparedness measures	<p>The Authority has complied with the Occupational Safety and Health Act of 2007 and implemented programs and activities towards assuring compliance by;</p> <ul style="list-style-type: none"> <li>• Domestication of internal Safety Policy for staff</li> <li>• Formulation of Safety Policy for use in Road Projects</li> <li>• Establishment of a Safety and Health Committee.</li> <li>• Undertaking safety Audits and implementing recommendations arising thereof;</li> </ul>
3.	Training Policy	The Authority provides equitable training. The training policy stipulates that all staff must be trained in at least five days in each financial year. Training for each staff is based on identified needs through the training needs analysis.	Conducting Training Needs Assessment & Preparation of Training Plan
4.	HIV&AIDs,	The Policy provides for none discrimination and support for the affected and infected. Various activities are carried out which includes sensitization for all staff.	<ul style="list-style-type: none"> <li>• The Authority undertakes;</li> <li>• Sensitization forums for HIV/ Prevention</li> <li>• Distribution of Condoms</li> <li>• Voluntary Counselling &amp; Testing</li> <li>• Provision of Medical Services to cover HIV/ Aids</li> </ul>
5.	Disability and Gender Mainstreaming Policy		<ul style="list-style-type: none"> <li>• The Authority is an equal employer and encourages</li> </ul>

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		The advocate for non-discrimination as provided in the Constitution of Kenya (2010)	<p>all genders and Persons with Disability to apply for available openings.</p> <ul style="list-style-type: none"> <li>• The Authority has observed gender mainstreaming, balance on appointments, promotion and ensure that a minimum of a third (1/3) are of either gender by invoking affirmative action during recruitment</li> <li>• Placement of Adverts at the National Council for People with Disabilities</li> </ul>
6.	Alcohol and Drug Abuse Policy	Provides for procedure to be followed in handling substance abuse in the Authority	The Authority frequently undertakes survey on ADA prevalence and implements the recommendations of the survey Operationalizes Employee Assistance Programme and Rehabilitation programmes for employees struggling with substance abuse

**iv. Corporate Social Responsibility / Community Engagements**

At the heart of the Authority's mandate is a firm commitment to Corporate Social Investment. Good corporate citizenry requires that we strive to be publicly accountable not only for our financial performance but also for our social and environmental record. The Authority believes in long term relationships with all its stakeholders, including the communities with which we work to deliver projects. As an Authority, we believe, we do not just build roads, but provide development corridors. We, therefore, always seek to partner with the communities to ensure the corridors assist in attaining sustainable development.

The Authority integrates her projects with community needs and aspirations. This is to ensure that the projects foster long-term relationships with stakeholders and communities around our projects. In the financial year under review, our CSI focused on the following major areas: -

- 1) Education,
- 2) Health and Sanitation,

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- 3) Security enhancement,
- 4) Youth and Women Empowerment,
- 5) Promotion of sustainable livelihoods, and
- 6) Improving access to social amenities.

CSI activities we carried out, in this regard, included: -

- a) Drilling of boreholes and construction of water pans in arid and semi-arid regions,
- b) Construction of classrooms, health centres, town roads and feeder roads to public institutions, and
- c) Charity donations.

The Table below provides highlights on CSI initiatives undertaken during the FY under review.

**A) Facilities for various communities**

**Project Specific CSI Initiatives**

<b>Project Name</b>	<b>CSI interventions /Initiatives</b>
Kenol – Sagana – Marua Highway Improvement Project	<ol style="list-style-type: none"> <li>i. Construction of modern market sheds and Eco toilets at Makutano and Kibingoti.</li> <li>ii. Construction of modern motorcycle (Boda boda) sheds.</li> <li>iii. Construction and equipping of a Post Crush Trauma Centre at Sagana Hospital.</li> <li>iv. Planned Construction of 40 km of access roads along various sections of the road project.</li> <li>v. Construction of modern bus park at Karatina Town</li> <li>vi. Construction of Karatina Special School Autism Unit</li> <li>vii. Construction of Road side Market sheds</li> </ol>
Construction of the James Gichuru junction-Rironi	<ol style="list-style-type: none"> <li>i. Scoping of Road Side Amenities at Kangemi Market</li> <li>ii. 6 No. Collector Roads: <ul style="list-style-type: none"> <li>• Spenkon – Nduma 5km</li> <li>• Gichecheni-Magana 3km</li> <li>• Regen –Kinoo 2Km</li> <li>• Nderi-Thamanda-Spenkon 3.8Km</li> <li>• Old Naivasha Road 1.2Km</li> <li>• Kinoo- Kanyariri 3km</li> </ul> </li> </ol>
Western Bypass	<ol style="list-style-type: none"> <li>i. Rehabilitation of King'eero-Lower Kabete Road and Kikuyu-</li> </ol>

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Project Name	CSI interventions /Initiatives
	<p>Karai Road</p> <p>ii. Upgraded two access roads for residents of Karai and Kanjeru</p>
Construction of Eldoret Town Bypass Roads Project	<p>i. Construction of a wellness health clinic centre at Kapsaret</p> <p>ii. Construction of Truck Parking at Lesseru</p>
Construction of the Mombasa Southern Bypass Package 2: Mwache - Mteza	<p>i. Food contribution to vulnerable community members in Jomvu and Kinango Constituency</p> <p>ii. Construction of community water kiosk at Tsunza/mikanjuni residences</p> <p>iii. Donation of office stationery, furniture and computers to Kinango Police Station</p> <p>iv. Donation of construction materials to children rescue centre in Miritini area</p> <p>v. Donation of water tanks, hand wash facilities, sanitizers and facemasks to Tsunza Primary school</p> <p>vi. Donation of medicines and medical consultation support to Lutsangani Health Centre</p> <p>vii. Distribution of sanitary towels to school girls in Jomvu constituency</p>
Construction of the Mombasa Southern Bypass Package 3: Mteza – Kibundani	<p>i. Construction of Ziwa la Pungu water pan</p> <p>ii. Levelling the playground for Mwangala Primary School</p>
Mombasa_Kwa Jomvu	<p>i. Distribution of fresh water and face masks to communities along the project</p> <p>ii. Rehabilitation of Kokotoni quarry and planting of 4000 tre seedlings</p> <p>iii. Donation of 600 sanitary towels for the local community</p>
Upgrading of Kalobeiyei River — Nadapal (88 km) road	<p>i. Construction of Nadapal Truck parking/ Rest Stop.</p> <p>ii. Construction of Nadapal Livestock market</p> <p>iii. Construction of Nadapal Health Centre</p>

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<b>Project Name</b>	<b>CSI interventions /Initiatives</b>
section	<ul style="list-style-type: none"> <li>iv. Drilling of Nadapal borehole and piping infrastructure to all villages and livestock troughs.</li> <li>v. Construction of Song'ot Girls Secondary School</li> <li>vi. Construction of community hall at Aposta</li> <li>vii. Construction of community hall at Nakururum</li> </ul>
Kapchorwa-Suam-Kitale	<ul style="list-style-type: none"> <li>i. Construction of Kitale modern town market</li> </ul>
Construction of the Nairobi Western Bypass	<ul style="list-style-type: none"> <li>ii. Donation of Refreshments, T-shirts and Caps with key messaging on HIV/AIDS awareness</li> <li>iii. Donation of branded footballs team uniforms for winners, 1st runners up and 2nd runners up.</li> <li>iv. Rehabilitation of Karai – Lusingiti road</li> <li>v. Donation of Gardening equipment (pangas, slashers, Jembes and wheelbarrows) and branded Overalls.</li> <li>vi. Rehabilitation works to Karai Quarry</li> <li>vii. Provision of sanitary installations with running water</li> <li>viii. Medical assistance to Samuel Gichuru Rehabilitation off Karai Road</li> <li>ix. Construction of 4No. houses for KFS Rangers</li> <li>x. Rescuing a Kenya Railways' derailed cargo train</li> <li>xi. Upgraded an access road for the residents to a motorable state</li> <li>xii. Levelling of playground on school land</li> </ul>
Rehabilitation Project: Lot 1 Isebania-Kisii Section	<ul style="list-style-type: none"> <li>i. Construction of 6 No Road side market sheds</li> <li>ii. Rehabilitation of Migori Market</li> <li>iii. Levelling of play grounds for several primary and secondary schools</li> </ul>

**B) Youth and Women Empowerment**

The Authority continues to live to her statutory obligation of supporting vulnerable categories of the society namely the youth, women and Persons living with Disabilities (PWDs). Indeed, we are at the

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forefront of bringing change and creating opportunities through a scholarship programme that is slowly, but surely, causing waves of change among the youth and women across the country. In a partnership between the Authority and the African Development Bank, which aims at building economic capabilities through self-development, a number of youth and women have been sponsored to undertake courses in Technical and Vocational Education Training (TVET) institutions. Under this program, during the FY 2020/2021, the Authority sponsored students at a cost of Kshs. 27 million under its two projects as follows: -

1. Mombasa - Mariakani Lot 1	Ksh. 16,220,000
2. Kitale - Endebes – Suam	Ksh. 10,770,000

**C) Donations**

The Authority has partnered with various institutions through sponsorships and donations in various sectors. These include the Mater Heart Run, Annual Diabetes Walk, Cerebral Palsy Society of Kenya (CPSK) and the Institution of Engineers of Kenya (IEK) president's dinner.

In the coming years, we commit to continue deepening our involvement in community initiatives, so as to contribute to sustainable development of Kenyans.

**10. REPORT OF THE DIRECTORS**

The Directors submit their report together with the Audited Financial Statements for the year ended 30<sup>th</sup> June, 2021 which show the state of the Authority's affairs.

**i) Principal activities**

The principal activities of the Authority are to manage, develop, rehabilitate, and maintain national roads.

**ii) Results**

The results of the Authority for the year ended 30<sup>th</sup> June, 2021 are set out on page 1.

**iii) Directors**

The members of the Board of Directors who served during the year are shown on pages *vii, viii, ix and x*. During the year, Ms. Mary Gesare and CPA Andrew Mitei retired from the Board of Directors on 18<sup>th</sup> September 2020. Consequently, FCPA Julius W. Mwatu, Arch. Winfrida W. Ngumi and Ms. Brenda N. Mayabi were appointed to the Board on 18<sup>th</sup> November 2020

**iv) Surplus remission**

The Authority did not realise any distributable surplus during the year ended 30<sup>th</sup> June, 2021 and hence there was no remittance to the Consolidated Fund.

**v) Auditors**

The Auditor General is responsible for the statutory audit of the Authority's financial statements for the year ended 30<sup>th</sup> June 2021 in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

**Eng. Kungu Ndungu**  
**Director General**

Signature.....  ..... Date.....  June, 2022

## **11. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act*), require the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Authority; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2021, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

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**For the year ended June 30, 2021.**

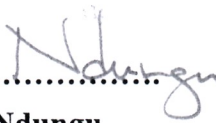
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**Approval of the financial statements**

The Authority's Financial Statements were approved by the Board on 29<sup>th</sup> September, 2021 and signed on its behalf by:

Signature 

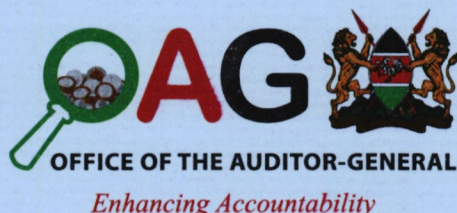
**Eng. Wangai Ndirangu, MIEK, RCE**  
**Chairperson of the Board**

Signature 

**Eng. Kungu Ndungu**  
**Director General**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL HIGHWAYS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kenya National Highways Authority set out on pages 1 to 51, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in

net assets, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya National Highways Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kenya Roads Act, 2007.

### **Basis of Qualified Opinion**

#### **1. Property, Plant and Equipment - Lack of Ownership Documents**

The statement of financial position reflects property, plant and equipment balance of Kshs.587,989,222,216 as disclosed in Note 27(a) to the financial statements. The balance includes land and buildings valued at Kshs.208,360,000 and Kshs.187,596,816 respectively which were occupied by South Rift Region. As previously reported, Management provided a vesting order from the Government of Kenya dated 7 September, 2007, which was indicative of rightful and beneficial ownership to the properties by the Authority. However, the process of acquisition of title deeds was yet to be completed.

In the circumstances, the validity and ownership of land and buildings valued at Kshs.395,956,816 could not be confirmed.

#### **2. Dormant Bank Accounts**

The statements of financial position reflects cash and cash equivalents balance of Kshs.23,362,471,571 as at June, 2021. Examination of bank statements, cash books and bank reconciliation statements revealed that the Authority maintained dormant bank accounts for road projects deemed complete but for which, completion certificates had not been issued. The accounts had no transactions during the financial year as indicated below;

<b>Financial Institution</b>	<b>Amount (Kshs.)</b>
NCBA Bank-NCTIP	56,857,255
NCBA Bank-Timboroa-Eldoret	17,978,273
NCBA Bank-Marsabit-Turbi Account	3,090,827
NCBA Bank-KTSSP	7,407,044
NCBA Bank-EATTFP	11,625,939
National Bank-Sirari Corridor	27,771,750
<b>Total</b>	<b>124,731,088</b>

Inclusion of the balances resulted in overstatement of bank balances since they ought to have been surrendered to The National Treasury upon closure of the projects.

In the circumstances, the accuracy of cash and cash equivalents balance as at 30 June, 2021 could not be confirmed.

### **3. Refundable Deposits from Customers**

The statement of financial position reflects refundable deposits from customers amounting to Kshs.167,992,948 as disclosed at Note 30 to the financial statements. The amount includes customer balances totalling Kshs.30,444,617 which date back to between 2011/2012 and 2015/2016 and have remained unclaimed as at 30 June, 2021, which raises doubts on the existence and authenticity of the balances.

In the circumstances, the accuracy of refundable deposits from customers balance of Kshs.167,992,948 as at 30 June, 2021 could not be confirmed.

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

### **Emphasis of Matter**

#### **Contingent Liabilities**

I draw attention to page 46 of the financial statements where the Management has disclosed court cases against the Authority, unclaimed interest on works and land acquisitions and unresolved contractual claims totalling to Kshs.13,300,920,756 (2020: Kshs.8,755,996,213). Management is of the opinion that the outcome of these litigations and claims were yet to be determined. However, the Authority operations would be adversely affected if the liabilities were to crystallise.

My opinion is not qualified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Unresolved Prior Year Matters**

In the audit report of the previous year, a number of issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public

Resources. However, the issues remain unresolved and Management did not provide explanation on why the recommendation were not implemented.

## **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.26,079,562,639 against budgeted amount of Kshs.34,706,228,228 resulting to a shortfall of Kshs.8,626,665,589. Further, actual expenditure amounted to Kshs.24,197,466,976 against a budget of Kshs.32,214,383,504 resulting in an under-absorption of Kshs.8,016,916,528. The under expenditure mainly occurred in components relating to use of goods and services at Kshs.201,309,652 (66%) and road maintenance and axle load expenses at Kshs.8,133,648,667 (72%) which is an indication of some planned programs were not realized in the year under review.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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. Trade and Other Payables from Exchange Transactions**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.61,903,313,219 as at 30 June, 2021. As disclosed in Note 29 to the financial statements, the receivables include development payables totaling Kshs.53,648,579,024, out of which further Kshs.30,133,789,406 was in respect of land compensation cost to various individuals across the country. According to information gathered from the Authority, some of the outstanding compensation relate to roads which are already complete and those that were ongoing.

Continuous delay in settling these balances exposes the Authority to litigations and penalties at the expense of the taxpayers which negate the effective use of public funds.

##### **2. Interest Expenses on Delayed Contractor Payments**

Review of contract records revealed that the cumulative interest arising from delays in settlement of payments to various contractors amounted to Kshs.5,866,709,066 as at 30 June, 2021 which would have been avoidable, had the payments been made promptly. Management has attributed the failure to clear the payments to inadequate budget support from the Exchequer.

In the circumstances, it has not been possible to confirm whether Management has been efficient in the use of public resources.

### **3. Progress of Projects**

Physical verification and review of projects documents revealed that projects with a total cost of Kshs.7,394,903,485 had either stalled or had taken a long time to complete as shown in **Appendix 1**. Failure to execute works on time impacts negatively on realization of value for money by the citizens. This also contravenes Regulation 68(1) of the Public Finance Management (National Government) Regulations, 2015, which requires an Accounting Officer for a National government entity, to be accountable to the National Assembly for ensuring that the resources of the respective entity for which he or she is the accounting officer are used in a way that is lawful, authorized, effective, efficient, economical and transparent.

### **4. Construction of Nairobi Western Bypass**

The Authority awarded the construction of Nairobi Western Bypass to an international contractor at a cost of USD.170,998,693.24 and the agreement was signed on 24 April, 2017. Review of the project revealed the following anomalies;

- i. Review of documents relating to the project revealed that as at the time of the audit, some Project Affected Persons had not been compensated over five years since the construction of the bypass started. This situation is not desirable as it may lead to unnecessary litigations and delays in project completion.
- ii. There was no access at Karura shopping center therefore, the envisaged changeover at Ndenderu junction was converted into a roundabout instead of an interchange.
- iii. A full-service lane on both sides of the road from Kihara interchange to Wangige interchange was not provided for.
- iv. An entry and exit from and to the bypass at Kibiku/Kirangari overpass from Service Lane 12 which connects to Kihara interchange does not connect to Kirangari overpass.
- v. At the Kibiku-Gathiga junction, no footbridge or under pass was provided for a situation which poses threats to pedestrian crossing from one side to the other. It was noted that the alternative crossing is about 2 Km away.
- vi. The exit and entry at Rukubi underpass have no connection to the service lanes while its drainage at the lower end heads to a private school instead of directing to the sloppy areas.

The anomalies above may have impacted negatively on the usage of the by-pass road.

### **5. Land Compensation for Nairobi Express Way Operations Centre**

During the year under review, the Authority through the National Land Commission paid compensation for land to facilitate the construction of the Nairobi Express Way Operations Centre. One of the Persons Affected by the Project (PAP) was paid Kshs.1,920,752,959 being compensation for land and improvements as indicated below:-

Area (ha)	Award (Kshs.)
4.0523	1,647,277,792
Improvements	273,475,167
<b>Total</b>	<b>1,920,752,959</b>

However, it was not established how the compensation was arrived at since no valuation report for the land was provided for audit review.

In the absence of the valuation report, it could not be confirmed whether the Authority and the citizen in general obtained value for money on this transaction.

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

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

### Conclusion

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

### Basis for Conclusion

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

### Responsibilities of Management and the Board of Directors

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**02 September, 2022**

## Appendix 1 Projects Progress Report

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
1. Coast Region	Performance based contract for Ukunda-Lunga Lunga (A7) Road	544,675,471	13-5-2020	12-11-2020	71	As at the time of project verification in February, 2022, road markings and other road furniture were yet to be implemented. At km 55 the contractor had been instructed to install a major box culvert for drainage purposes. However, the scope of the contract had omitted installation of guard rails on the steep ends leaving the section very hazardous to motorists. The amount certified as at the time of audit was Kshs.385,236,576.
2.	Performance Based Contract for Mariakani-Kaloleni - Mavueni (B91) Road	98,393,707			39	The project was behind schedule. According to the latest progress report, the instructed works stood at 46% against a time lapse of 59.26%. Performance based contract compliance for the above project was below expectation. The contractor was 71% compliant. At Km 2+300 the culverts and drainage channels were fully obstructed by silt. Along the full drainage, vegetation control had not achieved the required service levels. It was noted that the inner vegetation was taller than the required 150mm and the outer vegetation taller than the required 300mm service level. Potholes

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
						along the road drainage had not been attended to making some sections unmotorable. The amount certified as at the time of audit was Kshs.37,914,997
3.	Performance Based Contract for Maintenance of Likoni-Ukunda (A7) Road	250,686,643			89	Cleaning of the drainage channels works not properly done since the drainage were full of garbage (from Km 000-10+500). As a result, there was no proper flow of surface water along the drainage channels leading to poor sanitation. Road markings were also not visible in some sections. At Km 10 +500, guard rails not tightened and were noted to be rusty. Road reserves had been encroached by erecting illegal structures in Likoni Town. Cumulative amount certified as at the time of audit was Kshs.224,342,506 translating to a completion rate of 89%.
4.	Saba Saba-Malindi (A7) Road	736,393,292			92	The vegetation had not been maintained to service level in some sections of the road. At Kijiwatenga town, there was discharge of waste water from Kitui Saw Mills to the road drainage and some culverts were blocked by garbage and silt. Amount certified 676,802,540 and the project was at 92% completion by the time of audit inspection.

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
5. Isiolo Region	Periodic Maintenance of JN A2 Isiolo Ruiru C364 Road	682,103,815			40	The project was behind schedule. According to the latest progress report, the maintenance works stood at 41.84% against a time lapse of 54.17%. All the publicity signboards for the works had been vandalized. At km 1+ 000 the contractor had installed a cross culvert which had failed even before earthworks had begun. The amount certified as at the time of audit was Kshs.273,772,229.
6.	Performance Based contract for Maintenance of Chiakariga-Mitunguu-Meru (B65) Road.	98,393,707			88	The project was behind schedule. According to the latest progress report, the instructed works stood at 64.02% against a time lapse of 86.11%. Performance based contract was found to be below the expected standard despite the contract having been awarded 96.55% service levels in the latest progress report. Vegetation control had been done in patches along the full road drainage leaving most sections un attended. At km 49, there was a damaged guard rail to a box culvert that had not yet been repaired. A lot of garbage had clogged drainage channels at km 1+000 blocking free flow of storm water. Several culverts and drainage ditches were clogged with silt along the road chainage. The

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
						amount certified as at the time of audit was Kshs.86,263,107
7.	Meru – Kangeta-Laare-Mutuati Road	324,413,894			82	At Km 14 on the right-hand side there was a blocked access culvert covered with overgrown vegetation. At Nchiru Centre, the entire drain on the right-hand side was not maintained. Overgrown vegetation and garbage wastes was observed. Most culverts between Nchiru Town to St.Annes were blocked. At Makutano Town beside the Meru Teachers Training College there was a drain with discharge of sewage and the access culverts were silted. Amount certified for payment as at the time of the audit was Kshs.266,480,127.
8.	Performance Based Contract for Maintenance of JNA2 (Lewa/Su buiga)- JN(B65) Meru 9 (A9)	493,263,051			35	The contractor had abandoned the works. There were a number of potholes hand packed between but asphalt had not been applied. At Km 12, there were deteriorated shoulders that had not been reinstated. Grass at the road reserves at some sections of the road not been cut to the required service levels. Cumulative amount certified as at the time of audit was Kshs.174,902,683
9.	Performance Based	42,158,552			0	The project was behind schedule. According to

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
	Contract for Maintenance of Nyeri Marua (B21) Road					the latest progress report, the works stood at 7% against a time lapse of 15.98%. The drainage channel along Gatitu market had been clogged by mud and overgrown reeds. At km 13 there was a damaged guard rail that had not been attended. According to the latest progress report, no corrective orders had been issued to the contractor for unattended works. The amount certified as at the time of audit was nil
10.	Performance Based Contract for Maintenance of JN A2 Karatina-Kagumo-Kutus (B27) Road.	374,379,713			78	From Km 20 to Km 28, several culverts along the road chainage had been buried by silt leaving the carriage way exposed to runoff water. The Amount certified as at the time of audit was kshs.290,595,919.
11.	Performance based contract for maintenance of JN B21 Nyeri-Othaya (C544) Kangema (B32)	177,595,014			52	Most culverts were silted along the road. Warning signs, retroreflective road studs (cat eyes) had not been installed. Road reserve boundary posts had not been constructed. A number of damaged and rusty guard rails had not been replaced. Cumulative amount certified as at the time of audit was Kshs.92,255,559.

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
12.	Othaya-Karatina – JN A2/B27 Karatina (B27) Road	49,360,633			67	At Mukurwe-ini town, side drain were filled with silt and garbage. Amount certified as at the time of audit was Kshs.32,925,490.
13. Garissa Region	Performance Based contract for Maintenance of Madogo (89)-Modika (A3)	119,420,357			39	Blocked culverts especially in Garissa Town. Drainage had dumped garbage and overgrown vegetations. Most road signs vandalized. De-siltation of drainages and culverts not done in Garissa Town. Cumulative amount certified as at the time of audit was Kshs.46,686,507.
14.	Modika – Nuno (A10) Road	71,663,908				The vegetation had not been maintained to service level in some sections of the road. Sign posts at Modika Centre 0+000Km and at 12+000Km were vandalized.
15. Nairobi Region	Routine Maintenance and spot improvement of Ole-Tepesi-Magadi (B 19) Road Contract No. KeNHA/R D/RA&CM /3133/2020	275,196,840	4-12-2020	2-3-2022	39.2	Examination of records revealed that Interim certificates numbers 1, 2,3 and 4 had been paid totaling to Kshs.95,401,122. Material test report revealed that materials used for the gabion boxes were disapproved since they did not meet the standard specifications. There was no response from contractor to confirm that the issue has been resolved yet the works were on going.

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
						Letter dated 31 January, 2022 written to notify the contractor of breach of contract since he had failed to submit a resourced programme of work showing how he intends to complete the works within remaining contract period. Shoulders were done by gravelling that do not last long from Km 0. Guard rails were poorly done since the bolts connecting the guard rails were either loosely fit or not there entirely. Standardized humps were not in place at Km 8+400. At Km 13+900 and Km 19+800, there were huge borrow pits that posed potential risk to the community and the contractor did not present restoration plans for the pit after excavation and before handing it over to the land owners.
16.	Performance Based Contract for Maintenance of Junction/Kangundo-Kamulu (B63) Road	904,610,381				At Km 3+200, there were failed shoulder edges, overgrown vegetation, littered garbage in the drainage channels. At Km 2+100, there were rutting and potholes on the carriage way. At Km 1+000, there were silted drains. Some section of the road did not have road makings, while some sections had faint makings. The contractor was not on site and it is not clear whether the performance-based

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
						contract was discontinued or not.
17.	Performance Based Contract for Maintenance of Bomas-Kiserian (B19) Road	96,359,210			62	Some guard rail nuts were removed at Km 1+000. Blocked culverts especially in Rongai. Drainage had garbage dumped on it mostly in Rongai Town. Poor drainage with many debris falling inside drainage channels around Rongai town. Road reserves had been encroached by sellers erecting illegal structures in Rongai town. The shoulders maintenance is through gravelling that cannot last long leading to frequent gravelling along the road. Cumulative amount certified as at the time of audit was Kshs.59,569,900.
18.	Performance Based Contract for maintenance of Ndenderu – Kamandura (B33) Road	639,433,895				As at January, 2022 reporting, the elapsed period was 20 months (90.9%) versus 80.1% of instructed works done. There was still substantial works to be done especially on the shoulders and hence the project may not be completed on time. A project appraisal was done on 20 May, 2021 which varied the contract price upwards by Kshs.130,711,933. The variation did not meet the requirements of Public Procurement and Asset Disposal Act 2015. Section 139(4c) which stipulates that

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
						the quantity variation of works should not exceed 20% of the original contract quantity.
19. Nakuru Region	Periodic Maintenance of Kamwosor-Eldama Ravine (B77) Road	534,914,549				Some potholes were noted in the middle of the road at Torongo area, Mwachoni AIC Church and next to Kombatch Mixed Secondary School.
20. Kakamega Region	Ekeru-Mayoni-Mbweka (B12) Road Contract No. KeNHA/R 2/60/2020	354745110				The contractor was paid an advance of Kshs.34,574,510. However, the bank guarantee provided during this exercise was for Kshs.33,084,230. This exposed the Authority by Kshs.1,490,280 in case of none performance. At KM 4 immediately after the gate of Mumias Sugar Company, stone pitching work was done and paid for as part of instructed works. However, poor workmanship was noted as cement grouting had cracks and were falling off.
21.	Performance based Contract for Maintenance of Kakamega-Kiboswa (A1) Road	209,929,944			60	The time for completion of instructed works was supposed to be 18 months. As at 14 January 2022, the period elapsed was 24 months (133%) versus 78.28% of the instructed works done. There was no evidence of extension of time and no liquidated damages had been deducted from the contractor as at IPC 5 certified in

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
						December, 2021. Most of the road side drains were unmaintained with a lot of debris while some were blocked. The contractor had 4 casuals and a foreman on site who were trying to unblock some of the drains and his effort was insufficient. Amount certified for payment as at the time of the audit verification was Kshs.125,798,064.
22.	Kisumu Region Performance Based Contract of Luanda Kotieno-Bondo (B9) Road	641,225,693			8	As at 5 February 2022, the elapsed period for instructed works was 14 Months (78%) versus 45% of instructed works done. Examination of the project file revealed that the contractor had failed to provide a site agent for the works despite various correspondences and warnings. This is against sub-clause 16.3 of the contract which requires verification and approval of the site agent before commencement of works. The contractor excavated several potholes at 12+ 200, 14+680, 5+700Km, 16+780Km, 15+950 Km, 16+150Km and 16+900Km on 20 September, 2021. As at the time of field verification, the potholes had not been sealed. Particular conditions of the contract sub-clause 47.1 requires the contractor to seal with

S/No	Project Name	Contract Amount (Kshs.)	Start Date	Expected End Date	Certified Works (%)	Observations
						AC any pothole he excavates within 48 hours. The exposed sections may cause further deterioration of the pavement due to percolation of water into the sub-layers. Amount certified as at the time of the audit was Kshs.51,298,056
	<b>Total</b>	<b>7,719,317,378</b>				

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**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30**

**JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from Development Budget Grants	6	433,107,619	411,981,490
Levies, Fines and Penalties	7	24,725,103,067	23,056,961,438
		<b>25,158,210,686</b>	<b>23,468,942,928</b>
<b>Revenue from exchange transactions</b>			
Rental revenue from facilities and equipment	8	1,142,300	1,171,000
Finance income - external investments	9	828,778,943	686,180,035
Other income	10	79,634,033	33,416,536
		<b>909,555,276</b>	<b>720,767,571</b>
<b>Total Revenue</b>		<b>26,067,765,962</b>	<b>24,189,710,499</b>
<b>Expenses</b>			
Road Maintenance and Axle Load Expenses	11	20,905,684,356	16,907,924,187
Use of goods and services	12	387,586,432	440,830,630
Employee costs	13	1,829,448,494	1,743,166,342
Board Expenses	14	41,203,440	65,936,203
Depreciation and amortization expense	15	190,470,754	196,990,843
Repairs and maintenance	16	150,493,476	111,196,690
Transfers from Development Budget Grants	6	433,107,619	411,981,490
Finance costs	17	5,549,725	4,708,546
<b>Total expenses</b>		<b>23,943,544,296</b>	<b>19,882,734,932</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets	18	10,716,398	2,428,256
Provision for doubtful debtors	19	-	-
Loss on foreign exchange transactions	20	(787,812)	(1,064,753)
Profit on foreign exchange translations	21	1,080,280	2,043,627
<b>Surplus before tax</b>		<b>2,135,230,531</b>	<b>4,310,382,698</b>
Taxation	22	(253,134,869)	(211,538,660)
<b>Surplus/(Deficit) for the year</b>		<b>1,882,095,663</b>	<b>4,098,844,038</b>

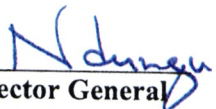
The notes set out on pages 7 to 47 form an integral part of these Financial Statements.

**KENYA NATIONAL HIGHWAYS AUTHORITY**  
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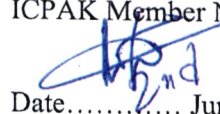
**14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	23	23,362,471,571	22,067,842,204
Receivables from exchange transactions	24	5,148,218,965	4,705,114,876
Receivables from non-exchange transactions	25	18,990,724,145	18,196,392,359
Inventories	26	7,489,621	6,490,763
<b>Total Current Assets</b>		<b>47,508,904,302</b>	<b>44,975,840,202</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	27	587,989,222,216	494,762,290,598
Intangible assets	28	133,527,703	133,399,703
Long term receivables from exchange transactions	24(b)	24,750,000	37,125,000
<b>Total Non-Current Assets</b>		<b>588,147,499,919</b>	<b>494,932,815,301</b>
<b>Total Assets</b>		<b>635,656,404,221</b>	<b>539,908,655,503</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	29	61,903,313,219	36,849,491,761
Refundable deposits from customers	30	167,992,948	151,283,735
Provisions	31	139,268,731	229,537,472
Taxation	32	120,891,131	270,960,257
<b>Total Current Liabilities</b>		<b>62,331,466,029</b>	<b>37,501,273,225</b>
<b>Total Liabilities</b>		<b>62,331,466,029</b>	<b>37,501,273,225</b>
<b>Net assets</b>		<b>573,324,938,192</b>	<b>502,407,382,278</b>
Reserves		556,170,882,658	487,135,422,407
Accumulated surplus		17,154,055,534	15,271,959,871
<b>Total Net Assets and Liabilities</b>		<b>635,656,404,221</b>	<b>539,908,655,503</b>

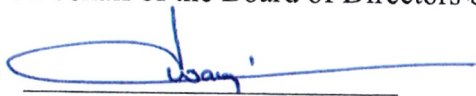
The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

  
**Director General**  
**Eng. Kungu Ndungu**

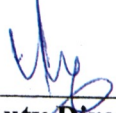
Date.....<sup>2nd</sup> June, 2022

  
**Director Corporate Services**  
**CPA James Bowen**  
 ICPAK Member Number: 7842

Date.....<sup>2nd</sup> June, 2022

  
**Chairman of Board of Directors**  
**Eng. Wangai Ndirangu, MIEK, RCE**

Date.....<sup>2nd</sup> June, 2022

  
**Deputy Director (Finance & Accounts)**  
**CPA. Chanje Kera**  
 ICPAK Member No. 8279

Date.....<sup>2nd</sup> June, 2022

**15. STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Retained earnings</b>	<b>Capital/ Development Grants/Fund</b>	<b>Total</b>
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<b>At July 1, 2019</b>	<b>11,150,327,280</b>	<b>403,397,435,151</b>	<b>414,547,762,431</b>
Surplus for the year	4,098,844,038	-	4,098,844,038
Transfers to accumulated surplus	22,788,553		22,788,553
Capital/Development grants received during the year	-	83,737,987,256	83,737,987,256
<b>At June 30, 2020</b>	<b>15,271,959,871</b>	<b>487,135,422,407</b>	<b>502,407,382,278</b>
<b>At July 1, 2020</b>	<b>15,271,959,871</b>	<b>487,135,422,407</b>	<b>502,407,382,278</b>
Surplus for the year	1,882,095,663	-	1,882,095,663
Transfers to accumulated surplus		-	
Capital/Development grants received during the year	-	69,035,460,251	69,035,460,251
<b>At June 30, 2021</b>	<b>17,154,055,534</b>	<b>556,170,882,658</b>	<b>573,324,938,192</b>

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**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		<b>2020-2021</b>	<b>2019-2020</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Ks'</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Development Budget Grants		433,107,619	411,981,490
Levies, Fines and Penalties		24,725,103,067	23,056,961,438
Rental revenue from facilities and equipment		1,142,300	1,171,000
Finance income		828,778,943	685,009,035
Other income		80,714,312	36,631,163
<b>Total Receipts</b>		<b>26,068,846,241</b>	<b>24,191,754,126</b>
<b>Payments</b>			
Road Maintenance and Axle Load Expenses		20,905,684,356	16,907,924,187
Use of goods and services		387,586,432	440,830,630
Employee Costs		1,829,448,494	1,743,166,342
Board /Council Expenses		41,203,440	65,936,203
Repairs and maintenance		150,493,476	111,196,690
Finance costs		5,549,725	4,708,546
Transfers from other Development Budget Grants		433,107,619	411,981,490
Loss on foreign exchange transactions		787,812	1,064,754
Taxation paid		253,134,868	211,538,660
<b>Total Payments</b>		<b>24,006,996,222</b>	<b>19,898,347,502</b>
<b>Net cash flows from operating activities</b>	33	<b>2,061,850,019</b>	<b>4,293,406,624</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(93,417,850,864)	(54,173,085,340)
Proceeds from sale of property, plant and equipment		11,036,890	2,994,661
Decrease in current receivables		(1,237,435,875)	(4,443,787,590)
Increase in long term receivables		12,375,000	24,750,000
Decrease/(increase) in provision for doubtful debts		-	22,788,550
Increase in trade and other payables		24,920,461,545	(19,676,839,334)
Increase in Inventory		(998,858)	(533,965)
Increase in provisions		(90,268,741)	63,163,326
<b>Net cash flows used in investing activities</b>		<b>(69,802,680,903)</b>	<b>(78,180,549,692)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Exchequer/Development Partners		69,035,460,251	83,737,987,256
<b>Net cash flows used in financing activities</b>		<b>69,035,460,251</b>	<b>83,737,987,256</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,294,629,367</b>	<b>9,850,844,188</b>
Cash and cash equivalents at 1 JULY	23	22,067,842,204	12,216,998,016
<b>Cash and cash equivalents at 30<sup>TH</sup> JUNE</b>	23	<b>23,362,471,571</b>	<b>22,067,842,204</b>

The Authority's cash flow statement is presented using the direct method

**KENYA NATIONAL HIGHWAYS AUTHORITY**

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**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilisation	Notes
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021		
	Kshs	Kshs	Kshs	Kshs	Kshs		
<b>Revenue</b>							
Transfers from other Development Budget Grants	433,107,619	-	433,107,619	433,107,619	-	100	
Levies, Fines and Penalties	25,378,975,000	7,892,343,932	33,271,318,932	24,725,103,067	(8,546,215,865)	74	(a)
Rental revenue from facilities and equipment	1,500,000	-	1,500,000	1,142,300	(357,700)	76	
Finance Income	450,000,000	438,801,677	888,801,677	828,778,943	(60,022,734)	93	
Other Income	3,000,000	108,500,000	111,500,000	91,430,710	(20,069,290)	82	(b)
<b>Total income</b>	<b>26,266,582,619</b>	<b>8,439,645,609</b>	<b>34,706,228,228</b>	<b>26,079,562,639</b>	<b>(8,626,665,589)</b>		(c)
<b>Expenses</b>							
Road Maintenance and Axle Load Expenses	21,695,330,000	7,344,003,023	29,039,333,023	20,905,684,356	8,133,648,667	72	(d)
Use of goods and services	717,321,717.0	128,425,633.0	845,747,350.0	387,586,432	201,309,652	66	(e)
Employee Costs	2,202,022,647	(260,133,337)	1,941,889,310	1,829,448,494	112,440,816	94	
Board Expenses	67,644,000	(27,644,000)	40,000,000	41,203,440	(1,203,440)	104	
Transfers from other Development Budget Grants	433,107,619	-	433,107,619	433,107,619	-	100	
Depreciation and amortization expense	-	-	-	190,470,754	(190,470,754)	-	
Repairs and maintenance	162,214,393.00	1,772,450.00	163,986,843.00	150,493,476	13,493,367	92	
Finance cost	5,144,625	2,026,000	7,170,625	5,549,725	1,620,900	77	(f)
Loss on foreign exchange transactions	-	-	-	787,812	(787,812)	-	
Taxation paid	-	-	-	253,134,868	(253,134,868)	-	
<b>Total expenditure</b>	<b>25,282,785,001</b>	<b>6,931,598,503</b>	<b>32,214,383,504</b>	<b>24,197,466,976</b>	<b>8,016,916,528</b>		(c)
<b>Surplus for the period</b>	<b>983,797,618</b>	<b>1,508,047,107</b>	<b>2,491,844,725</b>	<b>1,882,095,663</b>	<b>(609,749,061)</b>		

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**Budget notes**

**a) Road Maintenance Levy Fund & Transit Tolls**

The fuel levy budget includes carryover funds approved by the Board of Directors on 13<sup>th</sup> October, 2020

**b) Gains on disposal, rental income and liquidated damages**

The bulk of these incomes is liquidated damages recovered from, Foot Bridges Garden City & KSMS, Nyahururu-Naivasha, Nyarurukamwosor, Foot Bridges Witeithie & Mangu, Turbi-Moyale, and Isiolo-Merille among other projects.

**c) Changes between Original and Final budget.**

The changes between original and final budget were as a result of revision of the budget within the Financial Year and inclusion of the approved carry over budget from Financial Year 2019-2020

**d) Road maintenance and axle load expenses**

The variance was a result of some projects not fully absorbing their annual budget provisions, the fourth quarter maintenance works procurement process was concluded towards the end of the Financial year.

**e) Use of goods and services**

Due to effects of COVID 19 pandemic, most activities were not undertaken as planned during the Financial Year 2020-2021 hence the low performance.

**f) Finance Costs**

The low performance in the Financial Year 2020-2021 was owed to the introduction of Mpesa platform for Exemption permits & overload fees hence reducing bank charges.

## **18. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

The Authority is established by and derives its authority and accountability from Kenya Roads Act, 2007. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the management, development, rehabilitation, and maintenance of national roads.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. Adoption of New and Revised Standards**

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

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*ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> </ul>

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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

*iii. Early adoption of standards*

The entity did not adopt any new or amended standards in year 2020/2021.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

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

**Transfers from other government entities**

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

**Interest and other incomes**

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

Other income relates to incomes that arise from miscellaneous activities that are not primarily aimed at raising revenue.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**ii) Revenue from exchange transactions**

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2020-2021 was approved by the board on 29<sup>th</sup> January 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs.**5,726,412,313** on the 2019-2020 budget following the governing body's approval.

The annual budget is prepared on the accrual basis where all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there is no basis for timing differences on the Authority that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

**d) Property, plant and equipment**

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

The annual depreciation rates in use are: -

Computer Equipment & Accessories	33.3%
ICT Infrastructure and Telephony	33.3%
Motor Vehicles	25.0%
Office Equipment and Furniture	12.5%
Office Partitioning and fixtures	16.7%
Plant & Machinery	10.0%
Buildings	2.5%

- An item of property and equipment is de-recognised upon disposal. Any gain or losses on de-recognition of the asset is included in the Statement of Financial Performance in the year the asset is de-recognised.
- Contractual commitments for the acquisition of property, plant & equipment in the FY 2020/2021 amounted to Kshs. 219,063,821,751 [2019/2020 Kshs.299,380,348]

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

- There was compensation of Kshs.121,290 from Amro Insurance Brokers and Kenya Alliance Insurance Ltd for two lost laptops.
- Assets that cost Kshs 674 Million and Kshs.734 Million were fully depreciated as at 30.06.2021 and 30.06.2020 respectively

**e) Leases**

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

Non-cancellable operating lease rentals are payable as follows;

	<u>2021</u>	<u>2020</u>
	<u>Kshs</u>	<u>Kshs</u>
Not Later than one year	-	-
Later than one year and not later than three years	-	-
	-	-

Lease payments are increased according to the contract stipulations. The Board does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognised in the statement of financial performance.

**f) Intangible assets**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**g) Research and development costs**

The Authority expenses research costs as incurred.

**h) Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

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

**Impairment of financial assets**

The Authority assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset

(an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset can be reliably estimated.

Evidence of impairment may include the following indicators:

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

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

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

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

**i) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and condition is accounted for.

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

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

**j) Provisions**

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**k) Contingent liabilities**

The Authority 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 not remote.

**l) Contingent assets**

The Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority 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.

**m) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains grants and surplus reserves. The grant reserves are exchequer and donor funds received from the Government and Development Partners for development of roads. The surplus reserve represents the surplus or deficit of Road maintenance contributions and other internally generated funds against road maintenance and operation expenses. The exchequer and Development partner funds are capitalized in the statement of financial position whereas Road maintenance contributions are expensed in the statement of financial performance. However, the portion of exchequer funds spent on non-capital items or project expenses is transferred to recurrent transfers and treated as recurrent government grants and expenditures accordingly.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**n) Changes in accounting policies and estimates**

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

**o) Employee benefits**

**Retirement benefit plans**

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

**p) Foreign currency transactions**

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

**q) Related parties**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Subsequent events**

There have been events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur as per IPSAS 1.140

***Useful lives and residual values***

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

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

***Provisions***

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. Transfers from Development Budget Grants-Recurrent Revenue/Expenditure**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Northern Corridor Transport Improvement Project	-	10,218,281
North Eastern Transport Improvement Project	27,835,326	21,488,925
East African Trade & Transport Facilitation Project	1,517,380	1,452,300
Kenya Transport Sector Support Project	10,284,721	45,272,231
Nuno-Modogashe	2,103,400	-
South Sudan –EARTTDFP/SS	19,164,505	37,723,018
Mombasa by-pass	17,749,389	16,427,087
Nairobi Urban Transport Improvement Project	246,295	8,044,500
Nairobi-Thika Highway	3,125,812	932,441
Nairobi Western bypass	4,768,600	1,166,050
Consultancy & Design	-	2,015,190
Road Reserve Mapping	47,743,789	30,110,580
Road Network Management System	3,771,692	2,973,532
Monitoring & Evaluation	59,814,756	71,223,357
Dualling of Mombasa-Mariakani	10,714,094	13,067,114
Mwatate-Taveta	-	2,128,536
Merille-Marsabit	-	92,400
Turbi-Moyale	-	63,000
Isebania-Mukuyu-Kisii-Ahero	15,855,095	10,961,420
Kibwezi-Kitui-Isiolo	6,826,000	3,146,900
Rumuruti-Maralal	-	98,000
Chebilat-Ikonge-Chabera	4,642,368	1,525,333
Eldoret by-pass	7,186,256	2,264,990
Kitale-Endebbes-Suam	2,819,060	3,446,300
Garsen-Witu-Lamu	10,509,849	659,450
Mariakani –Kilifi*	-	44,792,650
Changamwe-Magongo	3,175,355	3,411,270
Uplands-Githunguri-Ngewa	211,400	643,540
Thika-Kenol-Marwa-Nyeri	37,563,634	7,490,632
Nairobi-Nakuru	6,078,179	8,019,787
Mombasa-Malindi	26,322,055	9,047,047
Naivasha-Njabini	33,600	3,491,950
Magumu-Njabini	-	2,456,425
Thika-Magumu	93,800	19,097,426
Nairobi Expressway	6,905,799	-
Bomas-Ongata Rongai-Kiserian-Magadi	10,548,640	-
Lamu-Ijara-Garissa	7,494,181	-

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Likoni Floating Bridge	21,897,005	-
Access Road Mombasa SEZ	4,171,974	-
Kisumu-Chemilil-Mamboleo	3,964,800	-
Kwale-Kinango	2,225,083	-
Marsabit-North Horr	871,900	-
Mau Mau Roads	3,720,600	-
Lomut Bridge	1,099,575	-
Kambu Bridge	1,909,670	-
Mombasa Gate Bridge	14,647,411	-
Other Development Projects	23,494,571	27,029,828
<b>Total Transfers from Development Budget Grants-Recurrent Revenue/Expenditure</b>	<b>433,107,619</b>	<b>411,981,490</b>

**b) Transfers from Ministries, Departments and Agencies (MDAs)**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount recognised in capital fund.	Total grant income during the year	2019-2020
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
MOTIHUD & PW	433,107,619	36,212,925,968	36,646,033,587	44,665,888,387
KRB	23,691,579,592	2,074,878,851	25,766,458,443	30,024,300,001
<b>Total</b>	<b>24,124,687,211</b>	<b>38,287,804,819</b>	<b>62,412,492,030</b>	<b>74,690,188,388</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. Levies, Fines and Penalties**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Road Maintenance funds	20,617,259,592	18,840,100,098
Administration & Operations Fund	2,535,320,000	2,752,920,000
Transit Toll	539,000,000	646,800,001
Overload charges	596,424,705	447,044,635
Transgression charges	2,508,242	5,106,820
Weighbridge Parking fees	9,519,680	10,416,840
Road Cutting charges	63,265,469	56,121,372
Road Reserve user fees	15,772,376	6,531,893
Exemption permit fees	345,983,503	291,855,779
Sale of Tender Documents	49,500	64,000
<b>Total Levies Fines &amp; Penalties</b>	<b>24,725,103,067</b>	<b>23,056,961,438</b>

**8. Rental Revenue from Facilities and Equipment**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Staff Houses	1,142,300	1,171,000
<b>Total rentals</b>	<b>1,142,300</b>	<b>1,171,000</b>

**9. Finance Income**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Interest on Call deposits and 91 day treasury bills	308,473,884	330,030,544
Interest on Bank Accounts Balances	520,305,059	356,149,491
<b>Total finance income – external investments</b>	<b>828,778,943</b>	<b>686,180,035</b>

**10. Other Income**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Liquidated damages	69,967,421	31,551,396
Laboratory fees, Training levy refund & Guard rails penalty, sale of disposable items.	9,597,113	1,752,527
Interest on salary advance	69,498	112,613
<b>Total other income</b>	<b>79,634,032</b>	<b>33,416,536</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11. Road Maintenance & Axle Load Expenses**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Road maintenance expenses	18,490,762,237	15,040,238,973
Emergency Road Works	828,734,711	436,478,346
Weighbridges Management Contracts	1,514,456,366	1,371,676,390
Weighbridge Operational Expenses	71,731,042	59,530,478
<b>Total Road Maintenance &amp; Axle Load Expenses</b>	<b>20,905,684,356</b>	<b>16,907,924,187</b>

**12. Use of Goods and Services**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Electricity	10,497,158	8,924,922
Water	3,786,111	580,732
Security costs	56,189,746	55,793,214
Advertising	16,114,322	28,385,748
Audit fees	3,600,000	4,200,000
Conferences and delegations	29,598,955	52,069,517
Consulting fees	31,227,113	25,594,161
Stationery & Consumables	17,178,800	16,870,964
Insurance	1,641,117	1,299,575
Legal expenses	27,677,934	38,699,524
Postage	1,143,721	2,119,578
Printing and photocopying	295,892	1,442,291
Hire charges	179,750	176,656
Rental	2,896,083	43,140,195
Telecommunication	15,484,726	14,639,204
Cleaning & Sanitation	18,793,895	18,273,890
Departmental Field Activities	139,360,213	120,131,544
Anti- Corruption and Integrity Issues	4,637,150	2,989,706
Staff Uniforms	761,910	-
Board of Survey	1,936,200	-
Reference material	352,825	327,796
Kitchen Utensils	206,089	262,355
Newspapers and Magazines	1,899,813	2,678,682
Drinking Water	2,126,909	2,230,376
<b>Total Use of Goods and Services</b>	<b>387,586,432</b>	<b>440,830,630</b>

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	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	1,353,932,983	1,299,273,526
Employee related costs - contributions to pensions and medical aids	181,305,306	143,260,841
Travel, motor car, accommodation, subsistence and other allowances	162,581,479	170,843,738
Training and Subscription	98,742,992	103,425,940
Staff Welfare	27,558,384	25,847,264
Recruitment	5,327,350	515,033
<b>Total Employee costs</b>	<b>1,829,448,494</b>	<b>1,743,166,342</b>

**14. Board /Council Expenses**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria	960,000	720,000
Directors' emoluments	19,727,711	20,258,459
Transport, Travelling & Accommodation	7,080,182	7,910,315
Insurance	300,000	292,710
Training	2,264,394	18,846,029
Refreshments	286,403	346,380
Overseas Travelling & Accommodation	-	8,869,832
Ministerial and Other Official functions	10,500,750	8,629,478
Telephone	84,000	63,000
<b>Total Board /Council Expenses</b>	<b>41,203,440</b>	<b>65,936,203</b>

**15. Depreciation and Amortization Expense**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Property, Plant and Equipment		
Office Equipment	11,932,302	11,199,597
Office Partitions and Fixtures	1,214,191	1,380,368
Computer Equipment and Accessories	21,339,236	17,954,441
ICT Infrastructure and Accessories	7,252,018	11,925,883
Furniture and Fittings	4,191,068	4,335,198
Motor Vehicles	38,133,949	43,787,366
Plant and Machinery	101,141,265	101,141,265
Buildings	5,266,725	5,266,725
<b>Total depreciation and amortization</b>	<b>190,470,754</b>	<b>196,990,843</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**16. Repairs and Maintenance**

Description	2020-2021	2019-2020
	KShs	KShs
Property, Plant and Equipment	6,684,770	7,011,051
Vehicles	100,203,101	86,829,231
Renewals	43,605,605	17,356,408
<b>Total repairs and maintenance</b>	<b>150,493,476</b>	<b>111,196,690</b>

**17. Finance Costs**

Description	2020-2021	2019-2020
	KShs	KShs
Bank charges	5,549,725	4,708,546
<b>Total finance costs</b>	<b>5,549,725</b>	<b>4,708,546</b>

**18. Gain on Sale of Assets**

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	10,716,398	2,428,256
<b>Total gain on sale of assets</b>	<b>10,716,398</b>	<b>2,428,256</b>

**19. Provision for doubtful debtors**

Description	2020-2021	2019-2020
	KShs	KShs
Provision for doubtful debtors	-	-
<b>Total provision for doubtful debtors</b>	<b>-</b>	<b>-</b>

**20. Loss on Foreign exchange transactions**

Description	2020-2021	2019-2020
	KShs	KShs
Loss on foreign exchange transactions	787,812	1,064,753
<b>Total loss on foreign exchange transactions</b>	<b>787,812</b>	<b>1,064,753</b>

**21. Profit on foreign currency translation**

Description	2020-2021	2019-2020
	KShs	KShs
Profit on foreign currency translation	1,080,280	2,043,627
<b>Total profit on foreign currency translation</b>	<b>1,080,280</b>	<b>2,043,627</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**22. Taxation**

Description	2020-2021	2019-2020
	KShs	KShs
Gross Interest Income Earned	849,325,318	709,857,725
Less: Expenses: Bank Charges	(5,542,425)	(4,728,834)
<b>Net Taxable Interest Income</b>	<b>843,782,893</b>	<b>705,128,891</b>
<b>Corporate Tax (30%) -Income tax expense reported in the statement of financial performance</b>	<b>253,134,868</b>	<b>211,538,660</b>

**23. Cash and Cash Equivalents**

Description	2020-2021	2019-2020
	KShs	KShs
Current account	17,961,441,285	18,244,905,363
On - call deposits	5,400,000,000	3,821,931,246
Others(Cash in Hand)	1,030,286	1,005,595
<b>Total cash and cash equivalents</b>	<b>23,362,471,571</b>	<b>22,067,842,204</b>

**23 (a) Detailed Analysis of the Cash and Cash Equivalents**

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
<b>a) Current account</b>			
NCBA Bank -NCTIP A/C)	1000012177	56,857,255	54,470,440
NCBA Bank -EATTFP A/C	1000012878	11,625,939	11,137,893
NCBA Bank -Timboroa-Eldoret Road A/C	1000015508	17,978,273	17,223,562
NCBA Bank -KTSSP A/C	1000017384	7,407,044	7,095,082
NCBA Bank -Marsabit- Turbi Road A/C	1000015004	3,090,827	2,961,077
NCBA Bank -USD A/C	1001936677	27,465,808	25,295,048
NCBA Bank-NETIP	1005164164	180,875,330	31,379,794
Co-operative Bank-GoK	01141160979900	6,810,456,481	4,288,496,457
Co-operative Bank-RMLF	01141160979901	8,647,091,482	9,355,609,323
National Bank – Salaries A/C	01001-326625	214,228,035	78,914,771
National Bank – Gratuity A/C	01001-327333	34,728,923	315,289,279
National Bank – Retention A/C	01001-327332	569,487,990	2,572,704,380
National Bank – EARTTDFT- A/C	01001032662501	181,737,287	168,565,965
National Bank-Sirari Corridor	0100113351150	27,771,750	27,771,750
KCB Bank-Operations A/C	1110623704	146,653,448	370,936,842
KCB Bank-NUTRIP A/C	1138238945	7,981,819	7,923,623
KCB Bank-JKIA	1274695775	495,310	-
KCB Bank-Nairobi Region	1114840149	104,562,499	110,329,314
KCB Bank-Coast Region	1114772089	43,780,603	30,839,763
KCB Bank-South rift Region	1114781592	33,746,434	25,286,855
KCB Bank-North Eastern Region	1114751928	12,264,587	6,004,338
KCB Bank- North rift Region	1114793272	15,124,056	5,123,808
KCB Bank-Central Region	1114745707	29,128,528	25,728,450
KCB Bank-Upper Eastern Region	1114752045	17,785,849	13,952,925

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**23 (a) Detailed Analysis of the Cash and Cash Equivalents**

		<b>2020-2021</b>	<b>2019-2020</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
Current account			
KCB Bank- Lower Eastern Region	1114756326	25,617,216	19,569,242
KCB Bank-Nyanza Region	1114756229	37,665,149	15,722,632
KCB Bank-Western Region	1114774405	29,808,988	26,236,556
Equity Bank-Headquarters A/C	0810295139897	666,024,375	630,336,194
<b>Sub- total</b>		<b>17,961,441,285</b>	<b>18,244,905,363</b>
<b>b) On - call deposits</b>			
KCB Bank	1134650795	1,500,000,000	1,721,931,246
Co-operative Bank	0115016097990	1,500,000,000	1,000,000,000
National Bank	01329032733212	700,000,000	300,000,000
NCBA Bank	1003680278	1,000,000,000	500,000,000
Equity Bank	0810374050817	700,000,000	300,000,000
<b>Sub- total</b>		<b>5,400,000,000</b>	<b>3,821,931,246</b>
<b>c) Others(specify)</b>			
cash in hand		1,030,286	1,005,595
<b>Sub- total</b>		<b>1,030,286</b>	<b>1,005,595</b>
<b>Grand total</b>		<b>23,362,471,571</b>	<b>22,067,842,204</b>

**24 Receivables from Exchange Transactions**

**24(a) Current Receivables from Exchange Transactions**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Interest receivable on call deposits	32,600,485	20,847,768
Travel Imprest	19,886,632	1,479,493
Bank guarantee and Deposits	16,095,392	26,250,257
Advertising receivables	-	753,300
Staff Mortgage deposit fund with Housing Finance Company of Kenya	586,662,781	570,998,108
Road Maintenance Funds	3,264,358,753	4,046,979,902
Receivable from MOTIHU & PW	1,198,251,077	-
Debtors and Prepayments	23,978,829	36,821,790
Receivable from Unipolar Insurance Brokers Ltd	-	500,000
Receivable from Kenya Rural Roads Authority	12,553,709	7,490,042
Receivable from Engineers Board of Kenya	-	2,508,163
Receivable from Kenya Urban Roads Authority	6,206,307	3,614,353
Receivable from SBM	12,375,000	12,375,000
<b>Sub Total</b>	<b>5,172,968,965</b>	<b>4,730,618,176</b>
Less:Provision for doubtful debtors	(24,750,000)	(25,503,300)
<b>Total current receivables</b>	<b>5,148,218,965</b>	<b>4,705,114,876</b>

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**24(b) Long- term Receivables from Exchange Transactions**

Description	2020-2021	2019-2020
	KShs	KShs
Funds held in Fixed deposit account at SBM Kenya Ltd	-	12,375,000
Chase Bank (IR) funds held at Kenya Deposit Insurance Corporation	24,750,000	24,750,000
<b>Total non-current receivables</b>	<b>24,750,000</b>	<b>37,125,000</b>

**25 Receivables from Non-Exchange Transactions**

Description	2020-2021	2019-2020
	KShs	KShs
<b>Current receivables</b>		
<b>Other debtors (non-exchange transactions)</b>		
<b>a. Development projects</b>		
Dualling of Magongo	174,497,049	284,722,033
Posta(Naibor)-Maralal	112,119,526	181,216,816
Eldoret Bypass	534,597,803	832,407,799
Kitale-Endebes-Suam	677,242,675	795,554,027
Kitale-Morpus	14,347,632	16,141,086
Kotulo-Elwak	6,965,900	6,965,900
Nuno-Modogashe	14,121,480	14,121,482
Lokichar-Amosing	-	14,727,932
Mombasa-Kwa Jomvu	20,859,888	411,393,204
Kainuk bridge & Approach Roads	524,368	15,739,529
Nyaru-Iten(C53)	75,060,148	180,549,334
Busia-Malaba	5,848,848	-
Isebania-Kisii-Ahero	840,333,626	1,738,496,951
Athi River -Machakos Turn Off	199,627,548	419,551,848
Loichangamatak-Lodwar	227,453,552	525,188,555
Loichangamatak-Lokichar	870,122,806	870,122,806
Lokitaung-Kalobeiyei	-	630,853,805
Kalobeiyei-Nadapal	510,465,535	799,167,987
James Gichuru-Rironi	825,519,592	1,600,241,296
Lamu Link Road	-	159,194,362
Four Foot Bridges on Thika road	-	43,559,632
Busia-Malaba	-	10,081,508
Narok-Mau Narok-(C57)	10,243,016	34,012,360
Uplands-Githunguri-Ngewa- (C65)	260,307,074	302,627,165

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<b>25. Receivables from Non-Exchange transactions (Continued)</b>		
<b>a. Development projects (Continued)</b>		
<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	KShs	KShs
Naivasha-Njabini-(C67)	135,357,247	1,051,294,985
Thika-Magumu	206,653,461	206,653,461
T-Mall Flyover	139,756,196	421,946,348
Njabini-Kinyona	-	317,904,648
Mombasa Road & Langata Road Footbridges	160,096,017	225,582,499
Mombasa Southern bypass	5,133,070,645	5,252,776,897
Likoni Floating Bridge	392,312,406	-
Nairobi Expressway	38,667,280	-
Kericho & Ahero Interchange	138,832,142	-
Elwak - Rhamu	7,341,797	-
Eldoret - Lokichar - Nakodok	103,414,271	-
Sagana-Marua	531,742,484	-
Kenol-Sagana	754,115,501	-
Mau Mau Roads Lot 1A	419,316,518	-
Mau Mau Roads Lot 1B	455,048,248	-
Mau Mau Lot 2	642,804,142	-
Mau Mau Roads Lot 3	451,982,128	-
Kinyona - Gatura	297,904,648	-
Marsabit - Shegel	227,757,519	-
Ugunja - Ukwala - Ruambwa (Steel Bridges)	35,880,427	-
Makupa Causeway Bridge	199,000,000	-
Upgrade of Lamu-Ijara-Garissa Road (A10) to All Weather Standard	1,796,084,693	-
<b>Sub Total</b>	<b>17,647,395,836</b>	<b>17,362,796,255</b>
<b>b. Road Maintenance Projects</b>		
Kericho-Mau Summit	-	7,013,999
Webuye-Maili Tisa	-	3,324,893
Nyahururu-Naivasha Interchange	-	10,421,749
Bhangaley-Madogo A3 Road	-	17,681,996
Tsavo River-Voi A8 Road	-	19,026,982
Mtito Andei -Tsavo River A8 Road	8,461,162	33,660,415
Homa Bay-Rongo	-	30,520,575
Virtual Weighbridge	16,391,296	88,660,499
Lodwar-Kalakol	42,741,718	53,236,928
Njoro Inc. C56-Inc.B3 Narok(C57)	-	28,422,563
Vihiga-Kitale(A1)	13,485,699	20,992,994
PBC for Mtce of Garsen - Hola T/Off	8,270,682	41,147,674

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**25. Receivables from Non-Exchange transactions (Continued)**

**b. Road Maintenance Projects (Continued)**

Description	2020-2021	2019-2020
	KShs	KShs
Nairobi-Ruaka-Limuru(C62)	-	52,558,953
Kyumvi-Sultan Hamud(A8)	-	54,434,453
Eldoret-Marigat(C51)	-	57,379,406
P. Mtce of Thika - Garissa (Lot2) (A3)	109,826,938	109,826,938
Bachuma Gate-Voi(A8)	12,582,497	32,972,701
Kamwosor Inc.C53-Inc. B4 Kampi ya Moto(C56)	-	53,491,455
Sabasaba -Malindi(B8)	30,437,589	73,639,329
Nairobi Southern Bypass-Street Lighting	24,397,256	28,551,995
Jnc.C39 Chepterit-Turbo(C37)	9,351,422	16,629,607
Ndhiwa-Karungu Road	28,967,620	-
Kisii-Kilgoris	42,977,968	-
PBC Iten-Kabarnet Rd	47,681,797	-
PBC Mtce of Madogo - Cheredende (B89)	24,312,925	-
PBC Emining Marigat	22,400,845	-
PBC Mwingi Ukasi	28,000,000	-
Strt Lght Mbs RD, Nyayo Stadium-JKIA	17,948,321	-
PBC Athi River- Kyumvi Road	98,627,678	-
PBC Bura Turn Off-Hola Road	10,295,388	-
Makongeni-Embu Road	120,534,346	-
PBC Kachibora-Kapcherop Road	10,214,950	-
PBC Lewa-Meru Rd	32,814,953	-
PBC Ndenderu-Kamandura	17,574,693	-
PBC Luanda kotieno Bondo	64,122,570	-
PBC Turbi - Moyale	17,538,155	-
PBC Mtce Cherende-Bilbil Rd	37,999,919	-
Kampi ya Moto Emining	23,844,034	-
PBC Kakamega Webuye	9,711,070	-
Isiolo-Ruiru	68,210,382	-
PBC Ukia Katumani	46,976,033	-
PBC Mbwekas - Mayoni - Ekeru (B12) Road	34,574,511	-
PBC for Mtce Nakuru - Emining	26,126,127	-
P.Mtce of Rodi Kopany - Ndhiwa (C672) Rd	72,116,171	-
PBC Kenol-Muranga Road	34,965,000	-
PBC Amala River-Bomet-Kaplomg Road	99,630,288	-
PBC for Mtce of Busia - Unguja (A12) Rd	29,216,306	-
<b>Sub Total</b>	<b>1,343,328,309</b>	<b>833,596,104</b>
<b>Total current receivables from non-exchange transactions</b>	<b>18,990,724,145</b>	<b>18,196,392,359</b>

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**26. Inventories (Consumable stores)**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Headquarters	6,235,372	4,826,237
Nairobi Region	144,453	154,457
Coast Region	8,500	74,550
Lower Eastern Region	213,407	151,112
Upper Eastern Region	246,011	248,960
North Eastern Region	188,946	134,996
South Rift Region	39,015	147,063
North Rift Region	137,131	187,474
Central Region	39,056	44,417
Western Region	87,362	219,518
Nyanza Region	150,368	301,979
<b>Total inventories at the lower of cost and net realizable value</b>	<b>7,489,621</b>	<b>6,490,763</b>

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**a) Property, Plant and Equipment**

27. Property, plant and equipment	*Road Assets	Office Equipment	Office Partitions	Computer Equipment & Accessories	ICT Infrastructure	Furniture & Fittings	Motor Vehicles	Plant Machinery	Land	Buildings	Total
Cost	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs		KShs	KShs
At 1 July 2019	439,301,214,596	108,210,710	69,710,680	213,091,746	106,517,952	58,307,398	404,359,717	1,300,631,658	-	210,668,985	441,921,114,545
Additions	53,954,036,901	6,657,408	977,075	10,486,132	2,014,322	9,791,284	76,972,001	101,478,161	-	-	54,162,413,284
Disposals	-	(415,803)	(47,195,138)	(837,689)	-	(2,156,201)	(5,341,493)	-	-	-	(55,946,324)
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2020	493,255,251,497	114,493,418	23,492,617	222,740,189	108,532,274	65,942,481	475,990,225	1,402,109,819	148,360,000	210,668,985	496,027,581,505
At 1 July 2020	493,255,251,497	114,493,418	23,492,617	222,740,189	108,532,274	65,942,481	475,990,225	1,402,109,819	148,360,000	210,668,985	496,027,581,505
Additions	92,439,750,297	10,668,678	6,398,110	29,540,412	9,608,657	7,748,115	35,746,000	818,262,596	60,000,000	-	93,417,722,865
Disposals	-	(313,745)	-	(2,586,764)	(246,906)	(882,045)	(37,956,310)	-	-	-	(41,985,770)
At 30th June 2021	585,695,001,794	124,848,351	29,890,727	249,693,837	117,894,025	72,808,551	473,779,915	2,220,372,415	208,360,000	210,668,985	589,403,318,600
Depreciation and impairment											
At 1 July 2019	-	59,481,289	67,232,239	178,445,447	85,701,025	45,986,241	352,410,272	321,884,751	-	12,538,719	1,123,679,983
Depreciation	-	11,199,597	1,380,368	17,954,441	11,925,883	4,335,198	43,787,366	101,141,265	-	5,266,725	196,990,843
On Disposals	-	(394,300)	(46,908,472)	(754,416)	-	(1,981,239)	(5,341,493)	-	-	-	(55,379,920)
Impairment	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2020	-	70,286,585	21,704,135	195,645,473	97,626,909	48,340,200	390,856,145	423,026,016	-	17,805,444	1,265,290,907
At 1 July 2020	-	70,286,585	21,704,135	195,645,473	97,626,909	48,340,200	390,856,145	423,026,016	-	17,805,444	1,265,290,907
Depreciation	-	11,932,302	1,214,191	21,339,236	7,252,018	4,191,068	38,133,949	101,141,265	-	5,266,725	190,470,754
On Disposals	-	(279,614)	-	(2,538,728)	(246,906)	(643,719)	(37,956,310)	-	-	-	(41,665,277)
Impairment	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2021	-	81,939,273	22,918,326	214,445,981	104,632,021	51,887,549	391,033,784	524,167,281	-	23,072,169	1,414,096,384
Net book values											
At 30th June 2021	585,695,001,794	42,909,078	6,972,401	35,247,856	13,262,004	20,921,002	82,746,131	1,696,205,134	208,360,000	187,596,816	587,989,222,216
At 30th June 2020	493,255,251,497	44,206,833	1,788,482	27,094,716	10,905,365	17,602,281	85,134,080	979,083,803	148,360,000	192,863,541	494,762,290,598

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**27 (b) Property, Plant and Equipment at Cost**

The freehold land, buildings and other assets were stated on the historical cost basis the amounts are as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	208,360,000	-	208,360,000
Buildings	210,668,985	23,072,169	187,596,816
Plant and machinery	2,220,372,415	524,167,281	1,696,205,134
Motor vehicles, including motorcycles	473,779,915	391,033,784	82,746,131
Computers and related equipment	367,587,862	319,078,002	48,509,860
Office equipment, furniture, and fittings	227,547,629	156,745,148	70,802,481
	<b>3,708,316,806</b>	<b>1,414,096,384</b>	<b>2,294,220,422</b>

Property plant and Equipment includes the following assets that are fully depreciated:

	<b>Cost or valuation</b>	<b>Normal annual depreciation charge</b>
	<b>Kshs.</b>	<b>%</b>
Plant and machinery	-	10
Motor vehicles, including motorcycles	303,371,121	25
Computers and related equipment	188,689,860	33.3
Office equipment, furniture and fittings	66,444,516	12.5
ICT & Telephony	94,147,816	33.3
Office Partitions	21,928,127	16.7
<b>Total</b>	<b>674,581,440</b>	

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**28.Intangible Assets**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Cost</b>		
<b>At beginning of the year</b>	133,399,703	122,727,645
Additions		
Network server monitoring software & licence		2,862,938
Midas Civil Software (On Footbridges Lot 2 Thika Road)		7,809,120
Installation of fleet management system on four new motor vehicles	128,000	-
		-
<b>Total Additions</b>		<b>10,672,058</b>
<b>At end of the year</b>	<b>133,527,703</b>	<b>133,399,703</b>
Additions–internal development		-
<b>At end of the year</b>		-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>		-
Amortization		-
<b>At end of the year</b>		-
Impairment loss		-
<b>At end of the year</b>		-
<b>NBV</b>	<b>133,527,703</b>	<b>133,399,703</b>

**29.Trade and Other Payables from Exchange Transactions**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables		
Development Payables	53,648,579,024	28,704,375,998
Retention Payables	7,673,940,385	7,691,081,157
Road Maintenance Payables	497,209,382	340,151,730
Sundry Payables	83,584,428	113,882,876
<b>Total Trade &amp; Other Payables from Exchange Transactions</b>	<b>61,903,313,219</b>	<b>36,849,491,761</b>

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**30. Refundable Deposits from Customers**

Description	2020-2021	2019-2020
	KShs	KShs
<b>Road Cutting Deposits</b>		
Nairobi Region	70,362,566	71,996,615
Central Region	19,919,213	24,149,176
South Rift Region	14,367,254	14,818,842
Lower Eastern Region	14,024,524	9,660,024
Nyanza Region	16,966,525	8,764,432
Coast Region	11,875,882	5,254,530
Upper Eastern Region	6,079,886	4,879,915
Western Region	6,335,720	4,625,720
North Rift Region	4,884,640	3,564,481
North Eastern Region	1,615,000	2,130,000
Headquarters	1,561,738	1,440,000
<b>Total deposits</b>	<b>167,992,948</b>	<b>151,283,735</b>

**31. Current Provisions**

Description	Leave provision	Gratuity provision	Audit fees provision	Total
	KShs	KShs	KShs	KShs
<b>Balance b/d (1.07.2020)</b>	<b>83,488,177</b>	<b>139,449,295</b>	<b>6,600,000</b>	<b>229,537,472</b>
Additional Provisions	-	57,513,787	3,600,000	61,113,787
Provision utilised	(14,511,357)	(136,871,171)	-	(151,382,528)
<b>Total provisions as at 30.6.2021</b>	<b>68,976,820</b>	<b>60,091,911</b>	<b>10,200,000</b>	<b>139,268,731</b>

**32. Taxation**

Description	2020-2021	2019-2020
	KShs	KShs
Tax Liability	120,891,131	270,960,257
<b>Total</b>	<b>120,891,131</b>	<b>270,960,257</b>

**33. Cash Generated from Operations**

	2020-2021	2019-2020
	KShs	KShs
<b>Surplus/(Deficit) for the year before tax</b>	<b>1,882,095,663</b>	<b>4,098,844,038</b>
<b>Adjusted for:</b>		
Depreciation	190,470,754	196,990,843
Gains on disposal of assets	(10,716,398)	(2,428,257)
<b>Net cash flow from operating activities</b>	<b>2,061,850,019</b>	<b>4,293,406,624</b>

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### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **b. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

##### **i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

#### **Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	5,148,218,965	5,123,468,965	24,750,000	-
Receivables from non-exchange transactions	18,990,724,145	18,990,724,145	-	-
Bank balances	23,362,471,571	23,362,471,571	-	-
<b>Total</b>	<b>47,501,414,681</b>	<b>47,476,664,681</b>	<b>24,750,000</b>	<b>-</b>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	4,705,114,876	4,667,989,876	37,125,000	-
Receivables from non-exchange transactions	18,196,392,359	18,196,392,359	-	-
Bank balances	22,067,842,204	22,067,842,204	-	-
<b>Total</b>	<b>44,969,349,439</b>	<b>45,003,065,371</b>	<b>37,125,000</b>	<b>-</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from the Exchequer.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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**Financial Risk Management**

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade payables	83,584,428	8,171,149,767	53,648,579,024	61,903,313,219
Provisions	-	-	139,268,731	139,268,731
<b>Total</b>	<b>83,584,428</b>	<b>8,171,149,767</b>	<b>53,787,847,755</b>	<b>62,042,581,950</b>
<b>At 30 June 2020</b>				
Trade payables	113,882,876	8,031,232,887	28,704,375,998	36,849,491,761
Provisions	-	-	229,537,472	229,537,472
<b>Total</b>	<b>113,882,876</b>	<b>8,031,232,887</b>	<b>28,933,913,470</b>	<b>37,079,029,233</b>

**iii) Market risk**

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk

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**Financial Risk Management**

exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		<b>Other currency</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2021</b>			
<b>Financial assets</b>			
Investments	-	-	-
Cash	23,335,005,763	27,465,808	23,362,471,571
Debtors	23,978,829	-	23,978,829
<b>Total financial assets</b>	<b>23,358,984,592</b>	<b>27,465,808</b>	<b>23,386,450,400</b>
<b>Financial Liabilities</b>			
Trade and other payables	61,903,313,219	-	61,903,313,219
Borrowings	-	-	-
<b>Total financial liabilities</b>	<b>61,903,313,219</b>	<b>-</b>	<b>61,903,313,219</b>
<b>Net foreign currency asset/(liability)</b>	<b>(38,544,328,627)</b>	<b>27,465,808</b>	<b>(38,516,862,819)</b>

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### Financial Risk Management

##### Foreign currency sensitivity analysis

The following table demonstrates the effect on the entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2020</b>			
Euro	10%	-	-
USD	10%	-	-

##### b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

##### Financial Risk Management

exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

##### Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point.

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Financial Risk Management**

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
<b>At 30 June 2021</b>				
<b>Financial Assets</b>				
Quoted equity investments	-	-	-	-
<b>Non- financial Assets</b>				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-
<b>At 30 June 2020</b>				
<b>Financial Assets</b>				
Quoted equity investments	-	-	-	-
<b>Non- financial Assets</b>				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year.

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The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	-	-
Retained earnings	17,154,055,534	15,271,959,871
Capital reserve	556,170,882,658	487,135,422,407
<b>Total funds</b>	<b>573,324,938,192</b>	<b>502,407,382,278</b>
Total borrowings	-	-
Less: cash and bank balances	23,362,471,571	22,067,842,204
Net debt/(excess cash and cash equivalents)	<b>(23,362,471,571)</b>	<b>(22,067,842,204)</b>
<b>Gearing</b>	-	-

**c. Related Party Disclosures****Nature of related party relationships**

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

**Government of Kenya**

The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

**Other related parties include:**

- i) The National Government;
- ii) The Parent Ministry & its Agencies
- iii) Key management;
- iv) Board of directors;

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**Related Party Disclosures**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from National Govt	37,204,032,671	47,564,844,387
Fuel levy funds from Kenya Roads Board	21,452,099,690	28,741,800,001
<b>Total</b>	<b>58,656,132,361</b>	<b>76,306,644,388</b>
<b>c) Expenses incurred on behalf of other agencies</b>		
Kenya Rural Roads Authority	14,461,609	7,490,042
Kenya Urban Roads Authority	11,921,515	3,614,353
Engineers Board of Kenya	-	2,508,163
<b>Total</b>	<b>26,383,124</b>	<b>13,612,558</b>
<b>d) Key management compensation</b>		
i) Directors' Emoluments	8,752,998	21,041,459
ii) Directors' Expenses	45,619,004	44,894,744
Compensation to the CEO	10,353,000	10,128,000
Compensation to key management	253,157,817	242,563,080
<b>Total</b>	<b>317,882,819</b>	<b>318,627,283</b>

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**d. Contingent Assets and Contingent Liabilities**

**Contingent Liabilities**

<b>Contingent liabilities</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Court cases against the authority	8,038,602,806	3,493,678,263
Unclaimed Interest on works and Land acquisitions	262,317,950	262,317,950
Unresolved contractual claims	5,000,000,000	5,000,000,000
<b>Total</b>	<b>13,300,920,756</b>	<b>8,755,996,213</b>

**e. Capital Commitments**

<b>Capital commitments</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised for	39,753,185,207	46,713,848,000
Authorised and contracted for	219,063,821,751	299,380,036,348
<b>Total</b>	<b>258,817,006,958</b>	<b>346,093,884,348</b>

**f. Taxation**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
At beginning of the year	270,960,257	165,900,248
Gross Interest Income Earned	817,025,725	709,857,725
Less:Expenses: Bank Charges	(5,542,425)	(4,728,834)
<b>Net Taxable Interest Income</b>	<b>811,483,300</b>	<b>705,128,891</b>
Income tax charge for the year (note 23)	<b>243,444,990</b>	<b>211,538,660</b>
Income tax paid during the year	(122,553,859)	(106,478,659)
Income tax outstanding at the end of the year	120,891,131	105,060,009
At end of the year	<b>120,891,131</b>	<b>270,960,257</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**g. Events after the Reporting Period**

There are no material non-adjusting events after the reporting date.

**h. Ultimate and Holding Entity**

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

**i. Currency**

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

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**APPENDICES**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor (FY 2018/2019) Report	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>Basis for Qualified Opinion</b>  <b>Lack of Ownership Documents for Property, Plant and Equipment</b></p> <p>The statement of financial position reflects property, plant and equipment totalling Kshs.440,797,434,562 (2018-Kshs.372,411,102,018) as further disclosed in Note 35 to the financial statements. Included in the balance are land and buildings valued at Kshs.148,360,000 and Kshs.41,787,057 respectively. However, the Authority does not have ownership documents for these assets occupied by its staff and as a result, their ownership and legal custody could not be confirmed.</p>	<p>The land belongs to the Government of Kenya and the Authority has been in possession of the land and occupying the offices and houses at the South Rift region since 2009 upon its formation of the Authority through the Kenya Roads Act, 2017 when the Authority was formed through excision from the Ministry of Roads as its Agent of the Ministry in construction and maintenance of major roads.</p> <p>The Authority is pursuing vesting of the land parcels to back up the occupancy with</p>	<p><i>Not resolved</i></p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor (FY 2018/2019) Report	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p align="center"><b>Emphasis of Matter</b></p> <p align="center"><b>Material Uncertainty in Relation to Going Concern</b></p> <p>The statement of financial position reflects current assets and liabilities totalling Kshs.30,680,674,457; (2018-Kshs.40,845,296,104) and Kshs.57,114,949,232; (2018-Kshs.45,507,442,377) respectively as at 30 June, 2019, resulting to negative working capital of Kshs.26,434,274,775;(2018-Kshs.4,662,146,273). In view of the unfavourable financial position, Management may need to take urgent measures to curb and reverse the situation.</p>	<p>legal documents for the land parcel ownership.</p> <p>It is true that the Authority had a negative working capital as at 30 June 2019. This was attributed to the pending bills due to contractors, consultant and Projects Affected Persons that accrued due to:</p> <ul style="list-style-type: none"> <li>• insufficient budgetary allocation against Authority's requirements on projects</li> <li>• Budget reductions</li> </ul> <p>To alleviate this situation, the National Treasury, Parent Ministry and the Authority have developed new models of project financing using proceeds from the Annuity Fund and Public Private Partnerships (PPPs) to execute new projects which will abate the increase in pending bills as the Authority will not be expected to disburse funds to the contractors and consultants,</p>	<p align="center"><i>Not resolved</i></p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor (FY 2018/2019) Report	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>but funding will be from the fund set aside by the Parent Ministry and by investors for the PPPs.</p> <p>In addition to the above, the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works successfully sought the change of Law through the Kenya Roads Board Act, Revised 2019. This change will allow the Kenya Roads Board to raise a ten year Road Development Bond from the open market to finance pending development bills and incoming commitments from on-going road projects to their successful completion.</p> <p>The above measures will improve the Authority's working capital.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor (FY 2018/2019) Report	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p align="center"><b>Basis for Conclusion</b></p> <p align="center"><b>High Interest on Delayed Contractors Payments</b></p> <p>Examination of contract payments and outstanding amounts over time indicated that the Authority had, as at 30 June, 2019, incurred cumulative interest expenses totalling Kshs.6,405,158,682 due to delays in settling payments owed to contractors on several projects. This cost on public funds would have been avoided had the payments been made in due time. Management has attributed the cost to insufficient and delayed budgetary funding but has not indicated the measures taken to rationalize its projects portfolio to align its implementation with the annual funding calendar</p>	<p>It is true that the interest amounts accrued. This is as result of contractual obligations which arose due to;</p> <p>a) Inadequate Exchequer budgetary provisions in FY 2018/2019</p> <p>b) Inadequate Budgetary allocations in prior years as well as delayed releases of Exchequer by the National Treasury.</p> <p>The interest charged relates to then ongoing (incomplete) projects that were vested to the Authority on inception in 2009 as well as projects started by the Authority. The interest is therefore from projects prior to the Authority's formation to 30<sup>th</sup> June,2019 due to payments delay as a result of reasons in (a) and (b) above</p>	<p align="center"><i>Not resolved</i></p>	

  
**Eng. Kungu Ndungu**  
**Director General**  
 Date.....June, 2022

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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**  
**Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government**

No.	Project title	Project No.	Donor	Period/ Duration	Donor commitment(Kshs)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements
1.	KTSSP	4926-KE & 5410-KE	IDA	23.05.2011-31.12.2018	33,258,366,990	Yes	Yes
2.	AfDB	2000130015238	AfDB	09.06.2017-08.05.2021	46,243,917,823	Yes	Yes
3.	China -EXIM	BLA2016K001	China -EXIM	26.11.2016-31.12.2020	32,499,088,819	Yes	Yes
4.	EARTTDFP	5638-KE	EARTTDFP	20.07.2015-31.12.2021	46,158,383,724	Yes	Yes
5.	MPARD	KE-P29	MPARD-JICA	02.06.2012-02.06.2022	22,089,969,121	Yes	Yes
6.	NETIP	V0630	IDA	-	67,920,000,000	Yes	Yes
7.	HoAGDP	6768-KE	IDA	07.10.2020-30.06.2028	85,606,606,960		
8.	Port Reitz/Mombasa International Airport/Magongo Road Dualling	-	TMEA	01.04.2018-31.03.2023	3,606,947,004	Yes	Yes
9.	Kitale-Morpus	202061919	KfW	01.08.2017-31.12.20120	19,120,725,600	Yes	Yes
10.	Regional Mombasa Port Access Project: Lot 2 Kwa Jomvu - Mariakani	27459	EIB	01.08.2017-31.12.20120	5,842,860,000	Yes	Yes
11.	Epc/Turn Key construction of Five Footbridges & T-Mall Flyover in Mombasa & Langata Road	KEN-01001-19 & KEN-02001-19	Spanish Government	12.11.2019-31.01.2024	4,286,595,200	Yes	Yes

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**Status of Projects completion**

No	Credit title	Credit Number	Donor/Partner	Period/ Duration	Donor/Partner Commitment	Total expended to date	Projects Completion % to date (Weighted average)	Annual Budget (Kshs.)	Actual per quarter (Kshs.)
1.	KTSSP	4926-KE & 5410-KE	IDA	23.05.2011-31.12.2018	33,258,366,990	31,673,750,335	70	-	-
2.	AfDB	2000130015238	AfDB	09.06.2017-31.12.2024	46,243,917,823	36,041,499,727	59	17,150,000,000	2,573,801,464
3.	China -EXIM	BLA2016K001	China -EXIM	26.11.2016-31.12.2020	32,499,088,819	26,676,222,398	81	7,420,000,000	-
4.	EARTTDFP	5638-KE	EARTTDFP	20.07.2015-31.12.2021	46,158,383,724	28,055,028,599	80	10,607,296,000	1,781,136,437
5.	MPARD	KE-P29	MPARD-JICA	02.06.2012-02.06.2022	22,089,969,121	18,865,697,184	55	5,050,000,000	2,054,476,574
6.	NETIP	V0630	IDA	-	67,920,000,000	705,629,840	-	300,000,000	23,604,028
7.	HoAGDP	6768-KE	IDA	07.10.2020-30.06.2028	85,606,606,960	-	0	-	-
8.	Port Reitz/Mombasa International Airport/Magongo Road Dualing	-	TMEA	01.04.2018-31.03.2023	3,606,947,004	3,810,149,485	100	500,000,000	-
9.	Kitale-Morpus	202061919	KfW	01.08.2017-31.12.20120	19,120,725,600	39,654,263	-	600,000,000	-
10.	Regional Mombasa Port Access Project Lot 2 Kwa Jomvu - Mariakani	27459	EIB	01.08.2017-31.12.20120	5,842,860,000	-	-	1,110,140,253	-
11.	Epc/Turn Key construction of Five Footbridges & T- Mall Flyover in Mombasa & Langata Road	KEN-01001-19 & KEN- 02001-19	Spanish Government	12.11.2019-31.01.2024	4,286,595,200	1,584,107,516	53.6	2,105,430,462	1,217,174,413

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**APPENDIX III: INTER-ENTITY TRANSFERS**

		<b>FY 2020-2021</b>	
<b>A.</b>	<b>Recurrent Grants</b>		
		<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>
		29 September 2020	7,411,723,461
		29 September 2020	539,000,000
		08 October 2020	525,000,000
		09 December 2020	1,023,395,938
		18 March 2021	1,050,000,000
		01 April 2021	4,791,472,674
		22 June 2021	7,161,507,617
	Receivable	30 June 2021	2,764,479,902
	Receivable	30 June 2021	499,878,851
		<b>Total</b>	<b>25,766,458,443</b>
<b>B.(i)</b>	<b>Development Grants</b>		
		<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>
		01 July 2020	60,000,000
		31 August 2020	1,365,303,611
		23 September 2020	1,915,714,294
		23 November 2020	437,389,806
		19 February 2021	1,200,000,000
		26 April 2021	459,375,399
		23 April 2021	6,000,000,000
		23 April 2021	6,728,000,000
		03 May 2021	7,898,000,000
		03 May 2021	8,000,000,000
		19 May 2021	(216,000,000)
	Receivable	30 June 2021	666,471,343
	Receivable	30 June 2021	531,779,734
		<b>Total</b>	<b>35,046,034,187</b>
<b>(ii)</b>	<b>Other Development Grants</b>		
		<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>
		10 August 2020	1,599,999,400
		<b>Total</b>	<b>1,599,999,400</b>
	<b>Total Development Grants</b>		<b>36,646,033,587</b>
<b>C.</b>	<b>Direct Payments</b>		
	<b>IDA</b>	<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>
		14 July 2020	3,879,250
		14 July 2020	3,901,204
		14 July 2020	4,070,776
		14 July 2020	4,591,804
		14 July 2020	6,141,411
		14 July 2020	6,665,237
		14 July 2020	6,812,265
		14 July 2020	8,202,461

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	04 August 2020	6,301,541
	06 August 2020	8,202,461
	06 August 2020	105,513,396
	06 August 2020	143,432,199
	11 August 2020	20,074,732
	13 August 2020	7,433,050
	13 August 2020	57,181,970
	19 August 2020	13,135,479
	19 August 2020	38,925,430
	25 August 2020	6,998,268
	28 August 2020	6,802,017
	31 August 2020	4,675,084
	31 August 2020	9,193,532
	03 September 2020	4,809,388
	03 September 2020	154,129,109
	10 September 2020	4,338,756
	10 September 2020	7,241,260
	10 September 2020	8,371,960
	10 September 2020	8,608,105
	10 September 2020	54,557,643
	01 October 2020	123,077,111
	23 October 2020	4,284,746
	23 October 2020	4,284,746
	23 October 2020	10,964,036
	23 October 2020	12,535,150
	26 October 2020	23,846,361
	26 October 2020	45,515,435
	26 October 2020	67,866,420
	01 December 2020	368,884
	01 December 2020	491,844
	01 December 2020	1,324,914
	01 December 2020	1,421,164
	01 December 2020	1,670,604
	01 December 2020	1,828,099
	01 December 2020	4,388,993
	01 December 2020	4,424,876
	01 December 2020	4,797,077
	01 December 2020	4,825,510
	01 December 2020	4,970,400
	01 December 2020	5,713,265
	01 December 2020	6,945,882
	01 December 2020	7,269,790
	01 December 2020	7,319,895
	01 December 2020	7,443,584
	01 December 2020	8,005,027
	01 December 2020	8,792,594
	01 December 2020	9,201,491
	01 December 2020	15,287,278
	01 December 2020	25,158,816
	01 December 2020	77,638,972

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	01 December 2020	98,895,056
	01 December 2020	134,009,477
	01 December 2020	185,107,441
	02 December 2020	20,758,444
	02 December 2020	34,387,364
	02 December 2020	64,348,184
	02 December 2020	78,928,550
	02 December 2020	96,148,386
	02 December 2020	103,270,744
	02 December 2020	117,240,048
	14 December 2020	66,427,984
	14 December 2020	72,480,064
	14 December 2020	121,083,747
	16 December 2020	5,097,898
	18 December 2020	5,954,606
	29 December 2020	101,424,078
	07 January 2021	3,016,356
	07 January 2021	4,554,419
	07 January 2021	5,914,636
	07 January 2021	7,827,997
	07 January 2021	11,335,523
	07 January 2021	12,814,709
	07 January 2021	81,321,148
	03 February 2021	26,510,881
	03 February 2021	39,030,271
	03 February 2021	61,687,580
	04 February 2021	4,547,552
	24 February 2021	7,649,326
	26 February 2021	239,268,746
	09 March 2021	3,172,187
	09 March 2021	3,195,665
	09 March 2021	4,607,757
	15 March 2021	103,414,271
	24 March 2021	6,247,498
	24 March 2021	7,271,448
	26 March 2021	6,727,339
	26 March 2021	7,738,889
	26 March 2021	49,821,438
	26 March 2021	68,101,574
	26 March 2021	70,381,624
	26 March 2021	133,736,903
	13 April 2021	7,252,940
	19 April 2021	4,521,366
	19 April 2021	29,361,701
	19 April 2021	34,994,155
	19 April 2021	52,092,337
	19 April 2021	52,092,337
	23 April 2021	(3,809,147)
	28 April 2021	11,889,456
	28 April 2021	158,039,494

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	28 April 2021	202,223,662
	30 April 2021	4,524,108
	30 April 2021	7,339,171
	30 April 2021	7,702,167
	30 April 2021	293,512,977
	01 May 2021	(12,146,030)
	01 May 2021	25,243,926
	01 May 2021	102,453,951
	08 June 2021	32,823,846
	08 June 2021	50,662,421
	15 June 2021	6,311,131
	15 June 2021	8,234,210
	15 June 2021	8,281,276
	15 June 2021	8,283,381
	15 June 2021	8,309,451
	15 June 2021	8,309,451
	15 June 2021	8,410,024
	15 June 2021	8,426,469
	15 June 2021	8,433,162
	15 June 2021	8,489,253
	15 June 2021	8,647,299
	15 June 2021	8,667,754
	15 June 2021	9,263,529
	15 June 2021	9,878,115
	15 June 2021	9,951,006
	15 June 2021	10,242,085
	15 June 2021	10,276,880
	15 June 2021	10,365,890
	15 June 2021	10,765,692
	15 June 2021	11,827,258
	15 June 2021	14,921,268
	17 June 2021	70,764,942
	18 June 2021	43,659,023
	18 June 2021	59,801,208
	23 June 2021	4,562,929
	23 June 2021	4,990,650
	23 June 2021	7,393,145
	23 June 2021	8,281,276
	23 June 2021	11,773,354
	23 June 2021	23,766,627
	23 June 2021	170,435,567
	28 June 2021	4,430,334
	28 June 2021	7,554,817
	28 June 2021	8,263,389
	28 June 2021	76,173,431
	28 June 2021	113,100,359
	28 June 2021	145,995,059
	<b>Total</b>	<b>5,509,326,086</b>

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<b>SPAIN</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>
	13 August 2020	29,499,250
	13 August 2020	98,330,833
	04 September 2020	55,177,599
	04 September 2020	183,925,331
	01 June 2021	20,675,580
	01 June 2021	55,177,599
	01 June 2021	111,251,872
	01 June 2021	111,332,541
	01 June 2021	393,771,524
	14 June 2021	122,444,450
	14 June 2021	172,877,933
	14 June 2021	229,642,914
	28 June 2021	186,430,325
	28 June 2021	199,629,849
	<b>Total</b>	<b>1,970,167,600</b>
<b>AfDB</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>
	15 July 2020	857,249
	15 July 2020	5,053,235
	15 July 2020	6,359,800
	15 July 2020	6,937,280
	15 July 2020	43,148,136
	15 July 2020	67,120,683
	15 July 2020	97,156,077
	15 July 2020	106,443,423
	15 July 2020	146,661,151
	04 August 2020	826,786
	06 August 2020	3,812,419
	06 August 2020	6,869,151
	06 August 2020	26,782,866
	06 August 2020	51,854,157
	18 August 2020	25,528,601
	18 August 2020	80,882,680
	18 August 2020	90,522,466
	27 August 2020	1,513,966
	27 August 2020	6,212,303
	27 August 2020	7,255,170
	27 August 2020	7,257,170
	27 August 2020	206,911,079
	10 September 2020	2,647,944
	10 September 2020	5,200,920
	01 October 2020	38,884,458
	01 October 2020	132,168,846
	02 October 2020	130,833,246
	14 October 2020	1,249,759
	14 October 2020	3,576,144

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	14 October 2020	7,094,933
	14 October 2020	13,002,300
	14 October 2020	61,950,648
	14 October 2020	100,388,597
	21 October 2020	73,699,508
	21 October 2020	121,940,477
	21 October 2020	212,696,994
	21 October 2020	226,234,650
	21 October 2020	245,345,982
	21 October 2020	405,940,374
	01 December 2020	1,509,826
	01 December 2020	2,278,507
	01 December 2020	3,749,276
	01 December 2020	5,321,570
	01 December 2020	5,875,551
	01 December 2020	6,224,831
	01 December 2020	6,634,998
	01 December 2020	6,907,009
	01 December 2020	24,207,465
	01 December 2020	38,567,321
	01 December 2020	64,994,326
	01 December 2020	80,478,275
	01 December 2020	99,560,380
	01 December 2020	100,730,516
	01 December 2020	124,985,381
	01 December 2020	131,090,894
	02 December 2020	73,515,104
	07 December 2020	37,481,835
	07 December 2020	38,238,531
	07 December 2020	100,117,325
	07 December 2020	129,973,332
	07 December 2020	131,012,485
	07 December 2020	203,847,625
	14 December 2020	130,821,072
	15 December 2020	2,764,054
	15 December 2020	3,596,962
	15 December 2020	5,439,452
	15 December 2020	10,351,166
	18 December 2020	132,171,720
	31 December 2020	138,965,877
	21 January 2021	22,097,370
	24 February 2021	2,708,307
	24 February 2021	2,741,756
	24 February 2021	4,632,587
	24 February 2021	4,980,732
	03 March 2021	18,821,315
	03 March 2021	22,107,122
	03 March 2021	23,800,758
	03 March 2021	61,074,447
	03 March 2021	121,987,233

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	03 March 2021	143,605,438
	15 March 2021	2,630,262
	15 March 2021	4,431,112
	15 March 2021	30,820,176
	15 March 2021	45,670,741
	15 March 2021	66,138,993
	15 March 2021	100,459,196
	25 March 2021	175,430,469
	01 April 2021	43,996,395
	01 April 2021	149,544,398
	09 April 2021	34,538,328
	09 April 2021	64,350,708
	09 April 2021	114,978,244
	14 April 2021	1,501,530
	14 April 2021	2,464,880
	14 April 2021	3,981,800
	14 April 2021	59,055,863
	14 April 2021	97,525,701
	19 April 2021	3,146,363
	19 April 2021	3,146,363
	19 April 2021	65,343,983
	19 April 2021	100,008,466
	27 April 2021	45,213,861
	27 April 2021	153,682,581
	29 April 2021	(88,532,141)
	30 April 2021	181,775
	30 April 2021	481,900
	30 April 2021	481,900
	30 April 2021	481,900
	30 April 2021	969,400
	30 April 2021	1,803,823
	30 April 2021	3,059,225
	30 April 2021	4,091,050
	30 April 2021	5,353,600
	30 April 2021	6,189,784
	30 April 2021	6,189,784
	30 April 2021	6,189,784
	30 April 2021	58,885,725
	01 May 2021	92,832,700
	01 May 2021	92,832,700
	03 May 2021	2,341,154
	03 May 2021	4,060,250
	12 May 2021	(52,440,811)
	12 May 2021	1,501,530
	12 May 2021	2,512,015
	12 May 2021	2,771,750
	12 May 2021	3,069,164
	12 May 2021	3,069,164
	12 May 2021	3,673,550
	12 May 2021	3,757,858

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	12 May 2021	4,030,455
	12 May 2021	5,244,699
	12 May 2021	29,004,306
	12 May 2021	101,011,701
	12 May 2021	101,011,701
	24 May 2021	5,647,443
	01 June 2021	2,698,125
	01 June 2021	2,909,910
	01 June 2021	5,392,500
	02 June 2021	17,249,320
	08 June 2021	(14,881,671)
	08 June 2021	473,520
	08 June 2021	1,790,456
	08 June 2021	1,790,456
	08 June 2021	1,790,456
	08 June 2021	1,790,456
	08 June 2021	2,145,151
	08 June 2021	2,240,428
	08 June 2021	2,290,479
	08 June 2021	2,454,996
	08 June 2021	2,454,996
	08 June 2021	2,498,494
	08 June 2021	2,544,106
	08 June 2021	4,546,275
	08 June 2021	4,587,274
	08 June 2021	4,587,274
	08 June 2021	4,587,274
	08 June 2021	4,587,274
	08 June 2021	4,608,144
	08 June 2021	4,629,014
	08 June 2021	5,370,617
	08 June 2021	5,951,050
	08 June 2021	8,820,312
	08 June 2021	27,246,574
	08 June 2021	27,246,574
	08 June 2021	41,095,691
	08 June 2021	45,110,580
	08 June 2021	70,062,236
	08 June 2021	76,244,325
	08 June 2021	80,904,097
	08 June 2021	105,377,554
	08 June 2021	117,900,451
	08 June 2021	136,807,734
	08 June 2021	153,331,525
	14 June 2021	2,737,480
	14 June 2021	5,338,900
	18 June 2021	2,750,263
	18 June 2021	2,783,895
	18 June 2021	5,377,000

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	18 June 2021	5,496,353
	18 June 2021	79,531,390
	18 June 2021	79,531,390
	23 June 2021	2,150,770
	23 June 2021	4,807,506
	23 June 2021	28,222,533
	23 June 2021	28,222,533
	24 June 2021	97,996,834
	28 June 2021	591,750
	28 June 2021	2,554,106
	28 June 2021	3,034,320
	28 June 2021	6,032,073
	28 June 2021	6,321,630
	28 June 2021	29,437,280
	28 June 2021	47,010,657
	<b>Total</b>	<b>8,244,360,575</b>
<b>CHINA</b>	<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>
	13 August 2020	2,569,653,793
	23 October 2020	1,282,820,705
	28 June 2021	219,018,169
	28 June 2021	2,569,653,793
	<b>Total</b>	<b>6,641,146,461</b>
<b>TMEA</b>	<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>
	17 March 2021	5,432,900
	17 March 2021	9,019,347
	17 March 2021	48,896,080
	17 March 2021	81,174,155
	29 March 2021	2,286,150
	29 March 2021	2,632,345
	29 March 2021	2,635,855
	29 March 2021	3,277,250
	<b>Total</b>	<b>155,354,082</b>
<b>JICA</b>	<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>
	06 August 2020	6,727,755
	06 August 2020	7,913,116
	06 August 2020	8,514,141
	06 August 2020	11,142,523
	06 August 2020	11,707,973
	06 August 2020	11,952,904
	06 August 2020	15,288,131
	06 August 2020	16,354,231
	06 August 2020	17,000,738
	06 August 2020	18,248,287

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	06 August 2020	19,092,360
	06 August 2020	19,231,183
	06 August 2020	19,400,538
	06 August 2020	194,184,532
	25 August 2020	3,464,662
	25 August 2020	18,673,870
	01 October 2020	572,886,537
	01 October 2020	603,453,509
	01 October 2020	623,659,954
	21 October 2020	3,464,662
	21 October 2020	20,379,622
	01 December 2020	3,464,662
	01 December 2020	3,464,662
	01 December 2020	22,036,386
	01 December 2020	22,122,630
	18 December 2020	240,419,910
	01 January 2021	243,798,478
	01 January 2021	1,800,000,000
	12 January 2021	5,259,178
	12 January 2021	22,684,147
	15 March 2021	11,739,700
	15 March 2021	17,228,294
	15 March 2021	151,834,843
	16 March 2021	10,946,474
	16 March 2021	23,117,474
	13 April 2021	115,232,923
	13 April 2021	363,938,339
	19 April 2021	13,747,435
	19 April 2021	13,914,252
	19 April 2021	22,160,655
	19 April 2021	22,639,815
	01 May 2021	(19,801,081)
	01 May 2021	(32,331,117)
	01 May 2021	14,128,644
	01 May 2021	18,608,986
	24 May 2021	349,990,022
	15 June 2021	194,426,591
	16 June 2021	11,613,032
	16 June 2021	18,014,574
	18 June 2021	179,212,261
	18 June 2021	716,849,045
	28 June 2021	126,537,934
	28 June 2021	506,151,735
	<b>Total</b>	<b>7,435,892,110</b>
<b>KFW</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>
	11 August 2020	8,967,270
	18 August 2020	16,141,086
	<b>Total</b>	<b>25,108,355</b>

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<b>D.</b>	<b>Donor Receipts</b>		
	<b>IDA</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>
		05 October 2020	144,554,375
		12 January 2021	142,207,913
		18 March 2021	157,183,406
		02 June 2021	198,084,575
		23 June 2021	124,269,892
		<b>Total</b>	<b>766,300,161</b>
	<b>C +D</b>	<b>GRAND TOTAL</b>	<b>30,747,655,432</b>

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

**CPA. James Bowen**  
**Director Corporate Services**

Sign -----

-----June, 2022

**CPA. Chanje Kera**  
**Deputy Director (Finance & Accounts)**

Sign -----

-----June, 2022

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**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized		Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	
KENYA ROADS BOARD	(Appendix III)	Recurrent	25,766,458,443	23,691,579,592	2,074,878,851	25,766,458,443
MOTIHUUD & PW	(Appendix III)	Development	36,646,033,587	433,107,619	36,212,925,968	36,586,033,587
IDA	(Appendix III)	Donor Fund	766,250,161	-	766,250,161	766,250,161
Others	(Appendix III)	Direct Payment	29,981,405,271	-	29,981,405,271	29,981,405,271
<b>Total</b>			<b>93,160,147,462</b>	<b>24,124,687,211</b>	<b>69,035,460,251</b>	<b>93,100,147,462</b>

