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THE AUDITOR-GENERAL

ON

**KENYA TRANSPORT SECTOR SUPPORT
PROJECT CREDIT NO.4926-KE AND
NO.5410-KE**

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

**KENYA NATIONAL HIGHWAYS
AUTHORITY**





MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING, URBAN
DEVELOPMENT AND PUBLIC WORKS



Kenya National Highways Authority

Quality Highways, Better Connections

Project Name – KENYA TRANSPORT SECTOR SUPPORT PROJECT

Implementing Entity – KENYA NATIONAL HIGHWAYS AUTHORITY

LOAN NO: 4926-KE / 5410-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

CONTENTS	PAGE
1. PROJECT INFORMATION AND OVERALL PERFORMANCE	i
2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES	vii
3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	viii
4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES	xi
5. REPORT OF THE INDEPENDENT AUDITORS ON KENYA TRANSPORT SECTOR SUPPORT PROJECT..	xii
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020.....	1
7. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2020	2
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020.....	3
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS	4
10. NOTES TO THE FINANCIAL STATEMENTS	5
11. PENDING BILLS (Annex 2A).....	13
12. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	14
ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS	15
ANNEX 2A - ANALYSIS OF PENDING BILLS.....	16
ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER.....	18

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Statement of Budget Performance
For the year ended June 30, 2020

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Project Name:	Kenya Transport Sector Support Project
Objective:	(1) The objective of the project is to increase the efficiency of road transport along the Northern Corridor and the Tanzania – Kenya – Sudan Road Corridor (2) Enhance aviation safety and security to meet international standards; and improve the institutional arrangements and capacity in the transport sector. (3) Improve institutional Arrangements and capacity in the Transport Sector
Address:	The project headquarters offices are at Barabara Plaza, Jomo Kenyatta International Airport, Nairobi, Off Mazao Road (Opposite KCAA Headquarters)
Contacts	Telephone 020-8013842 Email dg@kenha.co.ke , info@kenha.co.ke Website www.kenha.co.ke

1.2 Project Information

Project Start Date:	23 rd May, 2011
Project End Date:	31 st December, 2018
Project Manager:	Eng. D.A. Muchilwa – Director, Development Eng. C Okeyo – Project Engineer
Project Sponsor:	World Bank – International Development Association

1.3 Project Overview

Line Ministry/State Department of the Project	The project is under the supervision of the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works.
Project Number	P-124109
Strategic goals of the project	The project management aims to achieve the goals through the following means:- (i) Increase efficiency of road transport along the Northern Corridor and the Tanzania – Kenya – Sudan Road Corridor by (60%) to facilitate trade and regional integration. (ii) Promote private sector participation in the management, financing and maintenance of roads assets. (iii) Increase the efficiency of road transport along the Northern

KENYA TRANSPORT SECTOR SUPPORT PROJECT

Reports and Financial Statements

For the financial year ended June 30, 2020

	Corridor and the Tanzania-Kenya-Sudan road corridor; (b) enhance aviation safety and security to meet international
Achievement of strategic goals	(i) Implementation of the project in timely, efficient and effective manner

1.4 Bankers NIC Bank Limited
NIC House Branch
P.O Box 44599
Nairobi
Account No. 1000017384

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

1.6 Roles and Responsibilities

NAMES	Title Designation	Key qualification	Responsibilities
Eng. D.A. Muchilwa	Director, Development	Qualified	Project Technical Team Leader
Eng. C. Okeyo	D.D, Special Projects	Qualified	Team Co-ordinator and Construction Specialist.
Eng. P. Omondi	D.D, Special Projects	Qualified	Design Engineer Specialist.
Mr. W. Nyatwanga	D. Director, (Environmental & Social)	Qualified	Project Environmentalist
Mr. Richard Kilel	A.D, Supply Chain Services	Qualified	Project Procurement Specialist
Mr. Isaac Kamotho	A.D, Finance & Accounts	Qualified	Project Financial specialist

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

1.7 Funding Summary

The project is for duration of Six years from 23rd May, 2011 with approved budget of XDR 234,225,000 equivalent to USD 325,621,937 equivalent to Kshs. 34,686,030,249 highlighted in the table below: -

Source of funds	Donor Commitment-		Amount received to 30th June 2020		Undrawn balance to 30th June 2020	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
	USD	KSHS	USD	KSHS	USD	KSHS
(i)Loan						
International Development Association - IDA	325,621,937	34,686,030,249	288,324,163	29,495,071,705	37,297,774	5,190,958,544
(ii)Counterpart funds						
Government of Kenya		10,983,739,231	-	10,983,739,231	-	-
Total	325,621,937	45,669,769,480		40,478,810,936	37,297,774	5,190,958,544

Note: Exchange Rate - Kshs 106.5224 as at 30th June 2020. Credit agreement lapsed on 31 December 2019.

1.8 Summary of Overall Project Performance

(a) Budget performance against actual amounts for current year: -

Payments Item	FY 2019/2020		
	Budget	Actual	%
Acquisition of non-financial assets	5,595,719,785	5,530,690,859	99%
Purchase Of Goods & Services		20,642,354	
Total	5,595,719,785	5,551,333,213	99%

(b) Physical progress based on outputs, outcome and impacts since project commencement.

Kisumu – Kakamega Road Project

Date	Contract Sum Amount	Outputs-Outcome		Impacts
		Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
5/01/2013	7,961,527,361	7,872,782,899	100%	100%

Kakamega – Webuye Road Project

Date	Contract Sum Amount	Outputs-Outcome		Impacts
		Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
29/11/2016	4,691,155,200	4,536,618,138	91%	89%

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

Webuye - Kitale Road Project

Date	Outputs-Outcome			Impacts
	Contract Sum Amount	Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
10/01/2013	5,439,538,333	5,284,910,776	100%	100%

Construction of Three (3) Interchanges (Nyahururu Town Off, Njoro Turn Off and Mau Summit)

Date	Outputs-Outcome			Impacts
	Contract Sum Amount	Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
27/10/2014	3,194,933,604	3,181,483,194	100%	100%

Bachuma Gate - Maji Ya Chumvi Road Project

Date	Outputs-Outcome			Impacts
	Contract Sum Amount	Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
27/10/2014	4,986,218,101	4,986,218,101	100%	100%

Dualling of Athi River – Machakos Turn-Off Road Project

Date	Outputs-Outcome			Impacts
	Contract Sum Amount	Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
08/3/2016	5,288,549,208	3,461,717,098	63.1%	100%

Dualling of Kisumu Boys – Mamboleo Junction

Date	Outputs-Outcome			Impacts
	Contract Sum Amount	Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
11/7/2016	2,565,076,333	1,724,723,000	89.0%	Contract Terminated

Construction of Ahero Interchange

Date	Outputs-Outcome			Impacts
	Contract Sum Amount	Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
11/7/2016	655,908,412	499,955,609	85.38 %	Contract Terminated

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

Construction of Kericho Interchange

Date	Outputs-Outcome			Impacts
	Contract Sum Amount	Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
11/7/2016	679,950,376	483,852,251	76.91 %	Contract Terminated

Construction of Office Complex for the Road Sector Institutions

Date	Outputs-Outcome			Impacts
	Contract Sum Amount	Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
13/03/2017	3,214,032,943	2,963,414,356	98.0%	98 %

Access Road to EASA

Date	Outputs-Outcome			Impacts
	Contract Sum Amount	Amount Certified to date	% of Physical Works Completed	% of Time Elapsed
15th May 2017	351,473,428	350,998,047	100%	100%

STATUS OF PROJECTS UNDER DESIGNS PROCESS: -

- (i) Nakuru – Nyahururu –Nyeri - Marua Road Project
 Designs for the Feasibility Study, Environmental and Social Impact Assessment, Preparation of Resettlement Action Plan and the Design and Tender Documentation for Rehabilitation of the Nakuru-Nyahururu-Nyeri-Marua Road report has been completed and subsequently handed over to the Authority.
- (ii) Lake Victoria Ring Road.
 Designs for the Feasibility Study, Environmental and Social Impact Assessment, Preparation of Resettlement Action Plan and the Design and Tender Documentation for Rehabilitation of the Lake Victoria Ring Road - report has been completed and subsequently handed over to the Authority.
- (iii) Garsen-Hola-Madogo Sections
 Designs for the Feasibility Study, Environmental and Social Impact Assessment, Preparation of Resettlement Action Plan and the Design and Tender Documentation for Rehabilitation of the Garsen-Hola-Madogo Sections- report has been completed and subsequently handed over to the Authority.
- (iv) Mombasa Northern Bypass
 Designs for the Feasibility Study, Environmental and Social Impact Assessment, Preparation of Resettlement Action Plan and the Design and Tender Documentation for Rehabilitation of the Mombasa Northern Bypass - report has been completed and subsequently handed over to the Authority.

Comment on value-for-money achievements.

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

1.8 Summary of Project compliance: -

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

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Below is a summary of the Project's performance against the predetermined objectives:

Objective	Outcome	Indicator	Performance
Increase the efficiency of road transport along the Northern Corridor and the Tanzania - Kenya-Sudan road corridor.	Increased efficient transportation of people, goods and services	Increase efficiency of road transport along the Northern Corridor and the Tanzania – Kenya – Sudan Road Corridor by (60%) to facilitate trade and regional integration.	Completion of the majority of projects as noted in note 1.8 (b) has led to significant increase in efficiency and trade facilitation
Improve institutional Arrangements and capacity in the Transport Sector	Construction of an Office Complex for the Road Sector Entities	Completion and Occupation of office Complex	Project Completed and opened for use by the road entities and the public at large
	Marking boundaries for the right of way to secure KENHA's road assets	Marking of Bounderies along target roads	Project completed hence securing the road boundaries

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile

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

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

2. Environmental performance

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

3. Employee welfare

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

4. Market place practices

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

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

5. Community Engagements

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

The Contractor has been involved in various CSR activities geared towards providing the local residents through construction of water kiosks along the project road, improvement of access roads and enhancing learning and playing environment in schools along the project road. To enhance social safeguards in projects, the Authority undertakes Resettlement Action Plan (RAP) studies and implements its recommendations, carries out Social Impact Assessments (SIA), undertakes gender mainstreaming and conduct stakeholders' forum to sensitize the public in several cross cutting issues.

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

Some of the CSR activities implemented through the Project are tabulated below..

No.	Road Project	CSR Activity	Status of CSR activity
1	Various	Youth empowerment	The Authority provides internship, industrial attachment and apprenticeship opportunities to young people.
2	Kisumu – Kakamega Road Project	Centres along project road	Gambogi market, Chavakali shoe shine sheds, Sigalagala street lights, Kiboswa, Majengo and Khayega loop roads
		Mwoki School	The Authority constructed 10 new classrooms and administration block. (The leveled pupils’ playground, kitchen and a dining hall, toilet for staff and pupils, fencing of school compound was done by the Contractor since they leased school land for quarrying)
		Magongo water supply	Installation of a borehole and an elevated water tower with one 10,000 litre tank to be used by the community.
3	Kakamega – Webuye Road Project	Lubao Market	The amenities include construction of an ablution block and market stalls - ongoing
		Kakoi Dispensary	Dispensary Block and Toilet Block - ongoing
		Bukhuywa Secondary school	Construction of two classrooms at Bukhuywa Secondary School - ongoing
		Matete Centre	A modern maternity wing was successfully completed at Matete and awaiting handing over to handed over to the Kakamega County. (The County to furnish the maternity with equipment)
4	Webuye - Kitale Road Project	Webuye Interchange	Constructed an ablution block, septic tank, a borehole, elevated water tank for the community and overhead flood light
		Kamukuywa, Misikhu, Sikhendu and Kiminini centres	The amenities include market stalls at Misikhu, Sikhendu and Kiminini with loop roads. At Kamukuywa a bus park, loop road, toilet, septic tank, borehole and shoe shine shed were constructed
5	Bachuma Gate – Maji ya Chumvi	Samburu and Taru	The amenities include two markets at Samburu and Meli Kubwa, and, three water kiosks erected along the project route. The same have been handed over to County Government for management.

*KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020*

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

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

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

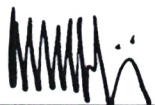
The Director General, KeNHA and Project Management of Kenya Transport Sector Support Project, are of the opinion that the Project financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June, 30, 2020 and the Project's financial position as at that date.

The Director General, KeNHA and the Project Management of Kenya Transport Sector Support Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial Statements as well as on the adequacy of the systems of internal financial control.

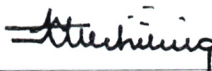
The Director General, KeNHA and the Project Management of Kenya Transport Sector Support Project, confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit are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

Approval of the Project financial statements

The project financial statements were approved by the Director General, KeNHA and Project Management for Kenya Transport Sector Support Project on2.6 AUG. 2020.....and signed by them.



Eng Peter M. Mundinia
Director General



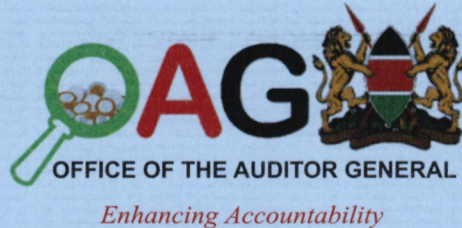
Eng. David A. Muchilwa
Director-Development



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

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA TRANSPORT SECTOR SUPPORT PROJECT CREDIT NO.4926-KE AND NO.5410-KE FOR THE YEAR ENDED 30 JUNE, 2020 – KENYA NATIONAL HIGHWAYS AUTHORITY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Transport Sector Support Project set out on pages 1 to 14, which comprise of the statement of financial assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cashflows and the statement of comparative budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Transport Sector Support Project as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No.4926-KE dated 23 May, 2011 and as amended through Finance Agreement No.5410-KE dated 31 March, 2014 between International Development Association and the Republic of Kenya.

In addition, the special accounts statement presents fairly the special accounts transactions and the closing balances has been reconciled with the books of account.

Basis for Opinion

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

Emphasis of Matter

Slow Absorption of Project Funds

As disclosed under Note 1.2 of the Project information, the Project was earmarked to close on 31 December, 2018. However, Note 1.7 on funding summary indicates that the Donor had made commitments amounting to Kshs.34,686,030,249, equivalent to USD 352,621,937 as at 30 June, 2020. However, actual drawdowns during the project life amounted to Kshs.29,495,071,705 equivalent to USD 288,324,163, leaving Kshs.5,190,958,544 undrawn. The credit has lapsed without being fully utilized and the project's planned deliverables earmarked for completion using the funding may not be realized. However, Management has not availed for audit review, documentary evidence to show that the closure process has been initiated or any mitigation to secure an extension the Project from the Donor.

My opinion is however not modified based on the effects of the matter mentioned above.

Key Audit Matters

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

Other Matter

Pending Bills

Note 11 to the financial statements reflects pending bills amounting to Kshs.1,693,303,263 as at 30 June, 2020. Although Management has committed to liaise with the line Ministry and The National Treasury for adequate budgetary allocation and timely Exchequer releases for prompt payments in the subsequent financial year, the Project is at risk of incurring additional significant interest costs and penalties with the continued delay in making payments.

Failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association (IDA), except for the effects of the matters described under Emphasis of matter and Other Matter sections of my report, I report based on my audit, that:

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

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters

related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or 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 financial reporting process, reviewing the effectiveness of how the Project monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

28 December, 2020

KENYA TRANSPORT SECTOR SUPPORT PROJECT

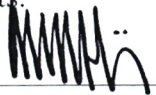
Statement of Budget Performance

For the year ended June 30, 2020

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

	Note	FY 2019/20		FY 2018/19		Cummulative to date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payments controlled by the entity	Payments made by third parties	
		Kshs	Kshs	Kshs (Restated)	Kshs (Restated)	Kshs
RECEIPTS						
Transfer from Government entities	10.3	4,895,939,934	-	2,856,946,084	-	10,983,739,231
Loan from external development partners	10.4	-	-	749,435,388	5,511,284,979	29,495,071,705
Miscellaneous receipts	10.5	4,760,826	-	8,878,062	-	347,689,911
TOTAL RECEIPTS		4,900,700,760	-	3,615,259,534	5,511,284,979	40,826,500,847
PAYMENTS						
Purchase of goods and services	10.6	20,642,354	-	76,709,110	-	394,429,067
Acquisition of non-financial assets	10.7	5,530,690,859	-	2,771,693,316	5,511,284,979	39,225,170,994
Miscellaneous Payments	10.8	-	-	-	-	165,496,133
TOTAL PAYMENTS		5,551,333,213	-	2,848,402,426	5,511,284,979	39,785,096,194
SURPLUS/DEFICIT FOR THE YEAR		(650,632,453)	-	766,857,108	-	1,041,404,653

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


Eng Peter M. Mundinia
Director General

26 AUG 2020
Date


Eng. David A. Muchilwa
Director-Development

26 AUG 2020
Date


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

26 AUG 2020
Date

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

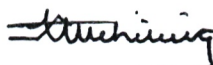
7. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2020

	Note	2019/20 Kshs	2018/19 Kshs (Restated)
FINANCIAL ASSETS			
Cash and Cash Equivalents Bank Balances	10.9	1,041,404,653	1,692,037,106
TOTAL FINANCIAL ASSETS		1,041,404,653	1,692,037,106
REPRESENTED BY:			
Cash and cash equivalents b/fwd Surplus/Deficit for the year	10.9	1,692,037,106 (650,632,453)	925,179,998 766,857,108
NET FINANCIAL POSITION		1,041,404,653	1,692,037,106

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 26 AUG 2020 and signed by:



Eng Peter M. Mundinia
Director General



Eng. David A. Muchilwa
Director-Development



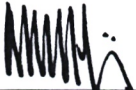
CPA Chanje Kera
Deputy Director (F&A)
ICPAK Member No. 8279

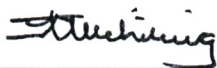
KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020


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

	Note	2019/20 Kshs	2018/19 Kshs (Restated)
Receipts for operating income			
Transfer from Government entities	10.3	4,895,939,934	2,856,946,084
Miscellaneous receipts	10.5	4,760,826	8,878,062
Payments for operating expenses			
Purchase of goods and services	10.6	(20,642,354)	(76,709,110)
Net cash flow from operating activities		4,880,058,406	2,789,115,036
Cashflow From Investing Activities			
Acquisition of Non-Financial Assets	10.7	(5,530,690,859)	(8,282,978,295)
Net cash flows from Investing Activities		(5,530,690,859)	(8,282,978,295)
Cashflow From Borrowing Activities			
Proceeds from Foreign Borrowings	10.4	-	6,260,720,367
Refunds to IDA	10.8	-	-
Net cash flow from financing activities		-	6,260,720,367
Net Increase In Cash And Cash Equivalent		(650,632,453)	766,857,108
Cash and cash equivalent at BEGINNING of the year		1,692,037,106	925,179,998
Cash and cash equivalent at END of the year		1,041,404,653	1,692,037,106

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


 Eng Peter M. Mundinia
 Director General


 Eng. David A. Muchilwa
 Director-Development


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

26 AUG 2020
 Date

26 AUG 2020
 Date

26 AUG 2020
 Date

KENYA TRANSPORT SECTOR SUPPORT PROJECT

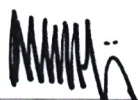
Reports and Financial Statements

For the financial year ended June 30, 2020

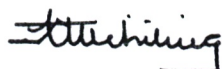
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Var
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	1,246,151,459	4,349,568,326	5,595,719,785	4,895,939,934	699,779,851	87%
Miscellaneous receipts	-	-	-	4,760,826	-	100%
Total Receipts	1,246,151,459	4,349,568,326	5,595,719,785	4,900,700,760	695,019,025	88%
Payments						
Purchase of goods and services	1,246,151,459	4,349,568,326	5,595,719,785	20,642,354	44,386,572	99%
Acquisition of non-financial assets:				5,530,690,859		
Total Payments	1,246,151,459	4,349,568,326	5,595,719,785	5,551,333,213	44,386,572	99%

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



Eng Peter M. Mundinia
Director General



Eng. David A. Muchilwa
Director-Development



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

26 AUG 2020

Date

26 AUG 2020

Date

26 AUG 2020

Date

10. NOTES TO THE FINANCIAL STATEMENTS

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

10.1 Basis of Preparation

10.1.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

10.1.1 Reporting entity

The financial statements are for the Kenya Transport Support Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.1.1 Reporting currency

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

10.2 Significant Accounting Policies

a) Recognition of receipts

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

- **Transfers from the Exchequer**

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

- **External Assistance**

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

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

• Other receipts

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

b) Recognition of payments

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

• Compensation of employees

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

• Use of goods and services

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

• Interest on borrowing

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

• Repayment of borrowing (principal amount)

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **Acquisition of fixed assets**

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

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

c) In-kind donations

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

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

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

f) Pending bills

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

g) Budget

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

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

h) Third party payments

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

During the year **Kshs Nil** being loan disbursements were received in form of direct payments from third parties.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Exchange rate differences

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

j) Comparative figures

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

k) Subsequent events

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

l) Errors

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

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

10.3 RECEIPTS FROM GOVERNMENT OF KENYA

	2019/20	2018/19	Cumulative
	Kshs	Kshs	to-date
Counterpart funds Quarter 1	209,466,066	903,352,197	1,733,144,602
Counterpart funds Quarter 2	349,820,084	290,567,141	1,497,042,451
Counterpart funds Quarter 3	372,733,918	529,403,021	1,533,365,371
Counterpart funds Quarter 4	3,963,919,866	1,133,623,725	6,220,186,807
Total	4,895,939,934	2,856,946,084	10,983,739,231

10.4 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2020 we received funding from Development Partners in form of loans negotiated by the National Treasury is as detailed in the table below:

Name of Donor	Loans received in cash	Loans received as direct payment	Total amount in Kshs	
			FY 2019/20	FY 2018/19
			Kshs	Kshs
Loans Received from Multilateral Donors (International Organisations)				
International Development Association	-	-	-	6,260,720,367
Total	-	-	-	6,260,720,367

10.5 MISCELLANEOUS RECEIPTS

	FY 2019/20			FY 2018/19	Cumulative to-date
	Receipts and payments controlled by the entity	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs Restated
Bank Interest	4,760,826	-	4,760,826	8,878,062	138,801,102
Advance Payment Guarantee Recall - Vil Ltd	-	-	-	-	208,888,809
Total	4,760,826	-	4,760,826	8,878,062	347,689,911

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

10.6 PURCHASE OF GOODS AND SERVICES

	FY 2019/20			FY 2018/19	Cumulative to-date
	Receipts and payments controlled by the entity	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Communication, supplies and services	-	-	-	52,800	15,922,489
Domestic travel and subsistence	19,787,534	-	19,787,534	43,736,252	243,835,658
Training expenses	854,820	-	854,820	32,920,058	134,670,920
Total	20,642,354	-	20,642,354	76,709,110	394,429,067

10.7 ACQUISITION OF NON-FINANCIAL ASSETS

	FY 2019/20			FY 2018/19	Cumulative to-date
	Receipts and payments controlled by the entity	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs (Restated)	
Construction of roads	5,134,716,022	-	5,134,716,022	7,375,059,090	34,922,762,524
Purchase of office furniture & general equipment	-	-	-	-	35,285,439
Research, studies, project preparation, design & supervision	395,974,837	-	395,974,837	884,748,748	4,197,339,836
Acquisition of other intangible assets	-	-	-	23,170,457	69,783,195
Total	5,530,690,859	-	5,530,690,859	8,282,978,295	39,225,170,994

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

10.8 MISCELLANEOUS EXPENDITURE

	FY 2019/20			FY 2018/19	Cumulative to-date
	Receipts and payments controlled by the entity	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Interest Overcharge	-		-	-	11,015,603
Refunds to IDA in relation to Encashment of VIL Ltd Advance Payment Guarantee	-	-	-	-	154,480,530
	-	-	-	-	165,496,133

10.9 (i) CASH AND CASH EQUIVALENTS C/FWD

	2019/20	2018/19
	Kshs	Kshs (Restated)
Bank accounts - NIC A/C No. 1-110-001524	7,095,076	399,163,907
- NIC A/C No. 1-001-936677	2,914,755	2,914,755
- NBK Retention A/C 0100132733200	1,031,394,822	1,289,958,444
	1,041,404,653	1,692,037,106

(ii) SPECIAL DEPOSIT ACCOUNT MOVEMENT SCHEDULE

	2019/20	2018/19
	Kshs	Kshs
Opening Balance	1,217	119,424
Total amount deposited in the account	-	749,317,181
Total Amount withdrawn (as per Statement of Receipts & Payments)	-	749,435,388
Closing Balances (as per SDA Bank Account Reconciliation attached)	1,217	1,217

The Special Deposit Account reconciliation statement has been attached as *Appendix 01* support these closing balances.

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

10.10 PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	402,158,661	1,289,878,445	1,692,037,106
Acquisition of Non-Financial Assets (Controlled by the Entity)	3,227,928,766	(456,235,450)	2,771,693,316

Prior year adjustment has been necessitated by PSAB introduction of the note on retention in the financial statements in FY 2019/20. Retention amounts had previously been expensed and have now been introduced in the statement of Financial Assets.

10.11 CHANGES IN ACCOUNTS PAYABLE –RETENTIONS

	2019 - 2020	2018 - 2019
	KShs	KShs
Retentions as at 1 st July (A)	1,289,958,444	833,722,994
Retentions held during the year (B)	210,918,835	769,165,017
Retentions paid during the Year (C)	469,482,457	312,929,567
Retentions as at 30th June D= A+B-C	1,031,394,822	1,289,958,444

11. PENDING BILLS (Annex 2A)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of Roads	4,028,551,920	2,665,446,250	5,134,716,022	1,559,282,148
Supervision Services	230,503,458	299,492,495	395,974,837	134,021,115
Supply of Goods and Services	-	20,642,354	20,642,354	-
Total	4,259,055,378	2,985,581,099	5,551,333,213	1,693,303,263

KENYA TRANSPORT SECTOR SUPPORT PROJECT

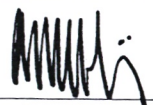
Statement of Budget Performance

For the year ended June 30, 2020

12. 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. We have nominated focal persons to resolve the various issues as shown with the associated time frame which we expect the issues to be resolved.

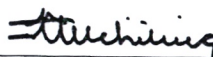
Note	OBSERVATION	RESPONSE	Focal Point Person to Resolve the Issue Name and designation	Status: (Resolved / Not Resolved	Time Frame
1	Note 9 to the financial statements reflects pending bills amounting to Kshs 4,259,055,378 as at 30 June, 2019. Although Management has committed to liaise with the line ministry and the National Treasury for adequate budgetary allocation and timely exchequer releases for prompt payments in the subsequent financial year, the project is at risk of incurring additional significant interest costs and penalties with the continued delay in making payments	<p>The Authority is liaising with the Parent Ministry and the National Treasury in an effort to secure adequate budgetary provisions to settle all the outstanding certificates. This is evidenced by the increase in GoK Budgetary allocation from Kshs 1.8 billion in FY 2018/2019 to Kshs 5.59 billion in FY 2019/2020.</p> <p>The Authority will continue liaising with line Ministry and National Treasury, to make sure that timely payments are made for all the certified works.</p>	Eng. C.D Okeyo	Continuous	Continuous



Eng Peter M. Mundinia
Director General

26 AUG 2020

Date



Eng. David A. Muchitwa
Director-Development

26 AUG 2020

Date



KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilisation Variance	% of Utilisation Variance	Comments on Variance
Receipts	a	b	c=a-b	d=b/a %	
Transfer from Government entities	5,595,719,785	4,895,939,934	699,779,851	87%	Downward re-valuation of land compensation payments
Miscellaneous receipts	-	4,760,826	(4,760,826)	100%	
Total Receipts	5,595,719,785	4,900,700,760	695,019,025	88%	
Payments					
Purchase of goods and services	5,595,719,785	20,642,354	44,386,572	99%	
Acquisition of non-financial assets:		5,530,690,859			
Total Payments	5,595,719,785	5,551,333,213	44,386,572	99%	

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Statement of Budget Performance
For the year ended June 30, 2020

ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	IPC No	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
					2020	2019
		a	b	c	d=a-c	
Construction of Roads						
Works						
JIANGXI ZHONGMEI	22	37,073,029	2017-12-05	-	37,073,029	
JIANGXI ZHONGMEI	31	58,351,538	2018-11-10	-	58,351,538	
JIANGXI ZHONGMEI	37	28,153,223	2019-09-25	10,093,427	18,059,796	
JIANGXI ZHONGMEI	38	80,800,872	2020-06-25	-	80,800,872	
JIANGXI ZHONGMEI	10	447,685,104	2018-11-09	424,085,462	23,599,642	
JIANGXI ZHONGMEI	12	406,562,790	2019-03-13	403,060,848	3,501,941	
China Dalian	19A	11,993,013	2017-08-31	7,000,000	4,993,013	
China Dalian	27A	30,033,716	2019-11-01	-	30,033,716	
SBI INTERNATIONAL	14	93,236,312	2018-10-29	84,451,636	8,784,675	
SBI INTERNATIONAL	16	120,989,547	2019-03-01	120,922,016	67,531	
SBI INTERNATIONAL	20	122,729,643	2020-01-02	75,738,514	46,991,129	
SBI INTERNATIONAL	11	59,831,662	2019-01-18	58,687,297	1,144,365	
SBI INTERNATIONAL	12	16,253,143	2019-02-11	13,656,051	2,597,092	
CHINA RAILWAY 21ST	6A	595,060	2018-02-01	-	595,060	
CHINA RAILWAY 21ST	14A	4,351,769	2018-06-28	-	4,351,769	
CHINA RAILWAY 21ST	21A	1,029,101	2020-06-30	-	1,029,101	
CHINA RAILWAY 21ST	21B	206,569,708	2019-10-04	193,237,599	13,332,109	
CHINA RAILWAY 21ST	21C	2,063,754	2020-03-02	-	2,063,754	
CHINA NATIONAL AERO	13A	29,933,070	2019-06-25	-	29,933,070	
Land Compensation						
Land Compensation		3,015,317,013	Various	2,150,051,699	865,265,314	
Land Compensation		361,493,995	Various	188,703,953	172,790,042	
Land Compensation		522,358,595	Various	368,435,006	153,923,589	
Total Construction of Roads		5,657,405,657		4,098,123,510	1,559,282,147	3,995,124,705
Supervision Services						
HP GAUFF INGENIEURE	72	4,438,619	2020-04-17	-	4,438,619	
HP GAUFF INGENIEURE	73	8,876,727	2020-04-17	-	8,876,727	
HP GAUFF INGENIEURE	74	9,309,564	2020-04-17	-	9,309,564	
HP GAUFF INGENIEURE	75	7,424,635	2020-04-17	-	7,424,635	
HP GAUFF INGENIEURE	76	7,188,638	2020-04-17	-	7,188,638	
HP GAUFF INGENIEURE	77	7,084,760	2020-04-17	-	7,084,760	
HP GAUFF INGENIEURE	78	6,849,263	2020-04-17	-	6,849,263	
HP GAUFF INGENIEURE	79	5,948,336	2020-04-17	-	5,948,336	
HP GAUFF INGENIEURE	79A	3,689,500	2020-04-17	-	3,689,500	
HP GAUFF INGENIEURE	80	5,077,904	2020-04-17	-	5,077,904	
EGIS INTERNATIONAL	79	3,855,944	2019-07-25	-	3,855,944	
EGIS INTERNATIONAL	80	3,465,468	2019-07-25	-	3,465,468	
EGIS INTERNATIONAL	81	3,328,274	2019-09-04	-	3,328,274	
EGIS INTERNATIONAL	41	6,097,530	2020-06-04	-	6,097,530	
EGIS INTERNATIONAL	42	6,042,217	2020-06-16	-	6,042,217	
TECHNIPLAN & CAS	2.32	2,525,390	2018-04-01	-	2,525,390	
TECHNIPLAN & CAS	2.33	2,525,390	2018-04-01	-	2,525,390	
TECHNIPLAN & CAS	2.34	2,279,969	2018-04-01	-	2,279,969	

KENYA TRANSPORT SECTOR SUPPORT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

Supplier of Goods or Services	IPC No	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
					2020	2019
		a	b	c	d=a-c	
TECHNIPLAN & CAS	2.35	2,128,701	2018-04-01	-	2,128,701	
TECHNIPLAN & CAS	2.36	1,682,101	2018-04-01	-	1,682,101	
TECHNIPLAN & CAS	2.37	1,682,101	2018-04-01	-	1,682,101	
TECHNIPLAN & CAS	2.38	1,682,101	2018-04-01	-	1,682,101	
TECHNIPLAN & CAS	2.40	161,989	2018-06-13	-	161,989	
TECHNIPLAN & CAS	2.43-2.47	1,285,026	2018-09-30	-	1,285,026	
EGIS INTERNATIONAL	35	4,599,758	2020-02-14	-	4,599,758	
EGIS INTERNATIONAL	36	4,167,303	2020-02-14	-	4,167,303	
EGIS INTERNATIONAL	37	4,280,216	2020-04-14	-	4,280,216	
EGIS INTERNATIONAL	38	4,184,245	2020-06-10	-	4,184,245	
EGIS INTERNATIONAL	39	5,058,895	2020-06-10	-	5,058,895	
EGIS INTERNATIONAL	40	5,286,719	2020-06-10	-	5,286,719	
ATTAIN ENTERPRISE	1	13,150,288	2018-01-19	11,336,455	1,813,833	
Total Supervision Services		146,711,742		145,357,570	134,021,115	230,503,458
Supply of Goods & Services						
Total Supply of Goods & Services					-	33,427,215
Training					-	-
Grand Total		5,804,117,399		4,243,481,080	1,693,303,263	4,259,055,378



KENYA TRANSPORT SECTOR SUPPORT PROJECT
Statement of Budget Performance
For the year ended June 30, 2020

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 2019/20	Purchases/Additions in the Year (KShs) 2019/20	Disposals in the Year (KShs) 2019/20	Closing Cost (KShs) 2019/20
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Construction of Roads	29,788,046,502	5,134,716,022	-	34,922,762,524
Purchase of office furniture & general equipment	35,285,439	-	-	35,285,439
Research, studies, project preparation, design & supervision	3,801,364,999	395,974,837	-	4,197,339,836
Intangible assets	69,783,195	-	-	69,783,195
Total	33,694,480,135	5,530,690,859	-	39,225,170,994

