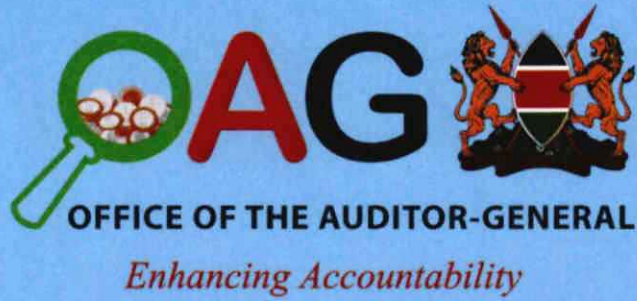


REPUBLIC OF KENYA



PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

**OF**


**THE AUDITOR-GENERAL**

**ON**

**ROADS MAINTENANCE LEVY FUND**

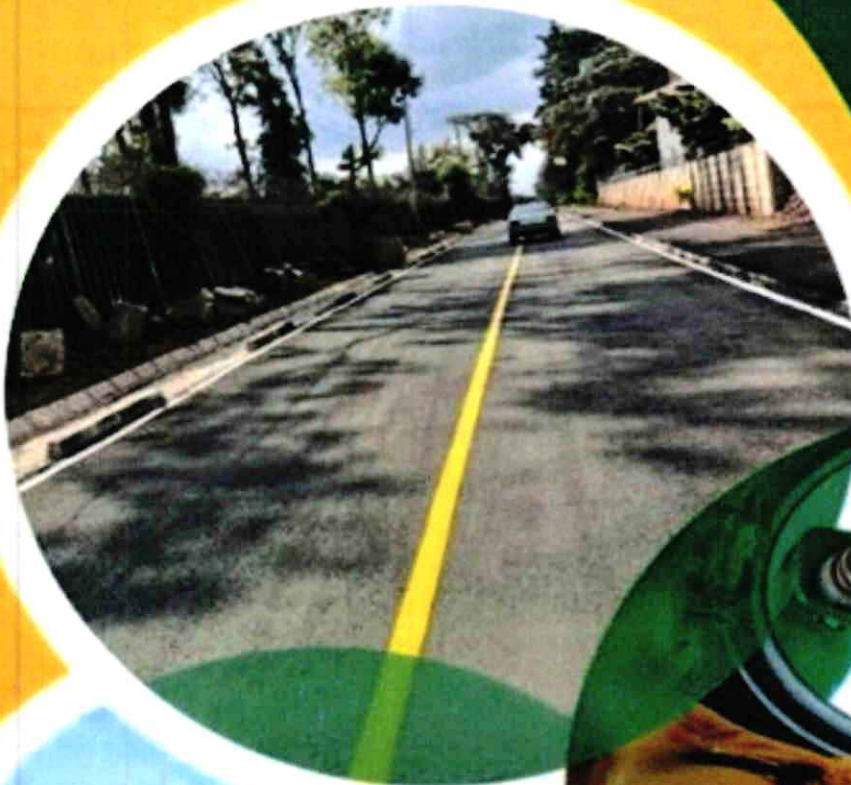
**FOR THE YEAR ENDED  
30 JUNE, 2024**

**KENYA URBAN ROADS AUTHORITY**

 NATIONAL ASSEMBLY PAPERS LAID	
DATE:	11 MAR 2025
	DAY: Tuesday
TABLED BY:	Hon. Owen Baya m.p. Deputy majority leader
CLERK-AT THE TABLE:	Getuacle Chebet



*Enhancing Urban Mobility*



**ROAD MAINTENANCE LEVY FUND**

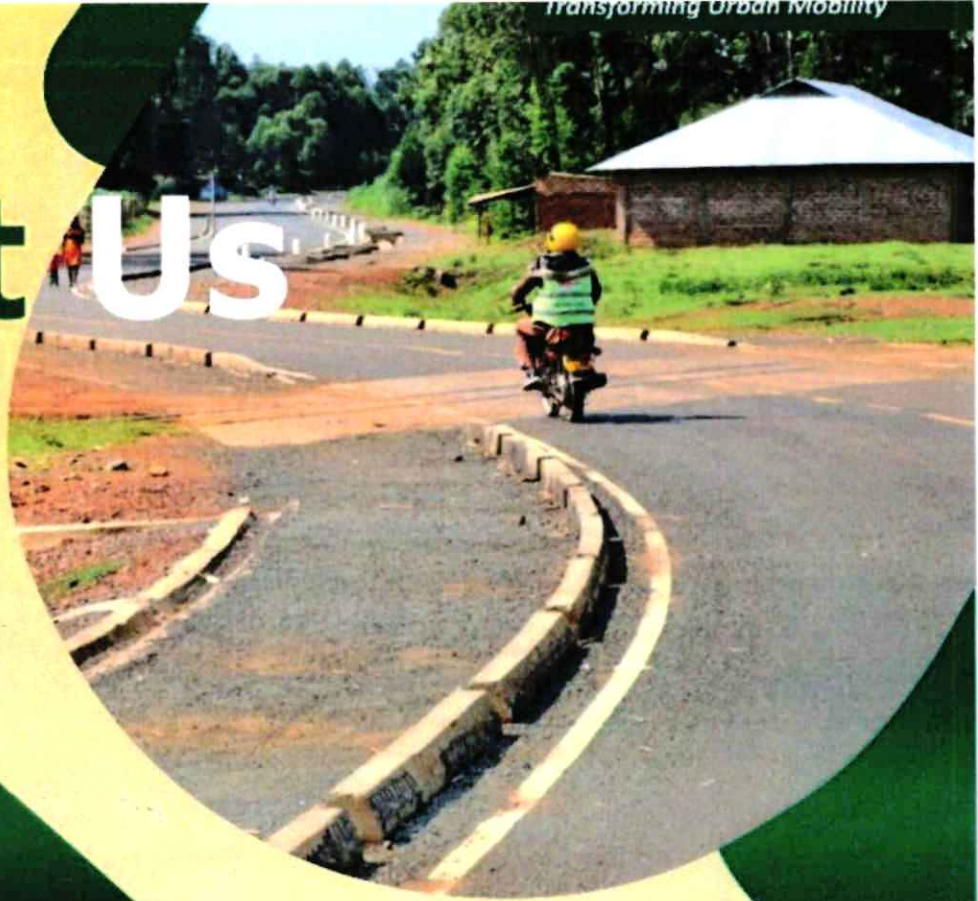
## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 2024**

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

## CONTENTS

<b>ACRONYMS, ABBREVIATIONS AND GLOSARY OF TERMS</b> .....	<b>iii</b>
<b>KEY AUTHORITY'S INFORMATION AND MANAGEMENT</b> .....	<b>v</b>
<b>BOARD OF DIRECTORS</b> .....	<b>ix</b>
<b>MANAGEMENT TEAM</b> .....	<b>xiv</b>
<b>CHAIRMAN'S STATEMENT</b> .....	<b>xv</b>
<b>REPORT OF THE DIRECTOR GENERAL</b> .....	<b>xvii</b>
<b>STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES</b> .....	<b>xxv</b>
<b>CORPORATE GOVERNANCE STATEMENT</b> .....	<b>xxvii</b>
<b>MANAGEMENT DISCUSSION AND ANALYSIS</b> .....	<b>xxxii</b>
<b>ENVIRONMENTAL AND SUSTAINABILITY REPORT</b> .....	<b>xxxvii</b>
<b>REPORT OF THE DIRECTORS</b> .....	<b>xliv</b>
<b>STATEMENT OF DIRECTORS RESPONSIBILITIES</b> .....	<b>xliv</b>
<b>REPORT OF THE AUDITOR GENERAL</b> .....	<b>xlvi</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b> .....	<b>1</b>
<b>STATEMENT OF FINANCIAL POSITION</b> .....	<b>2</b>
<b>STATEMENT OF CHANGES IN NET ASSETS</b> .....	<b>3</b>
<b>STATEMENT OF CASH FLOWS</b> .....	<b>4</b>
<b>STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT</b> .....	<b>5</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b> .....	<b>6</b>
<b>APPENDIX 1: PROGRESS ON THE FOLLOW UP OF AUDITOR GENERAL RECOMMENDATIONS</b> .....	<b>35</b>
<b>APPENDIX 3: INTER ENTITY TRANSFERS-STATE DEPARTMENT OF INFRASTRUCTURE</b> .....	<b>36</b>

# About Us



**1. Mandate:**  
Develop & Manage  
the National Urban  
Road Network



## ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

### A: Acronyms and Abbreviations

AIA	Appropriation In Aid
AIDS	Acquired Immunodeficiency Syndrome
APRP	Annual Public Roads Programme
BRT	Bus Rapid Transit
COVID	Coronavirus Disease
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
DG	Director General
ECD	Early Childhood Development
ERP	Enterprise Resource
FIEK	Fellow of Institute of Engineers of Kenya
FY	Financial Year
GDP	Gross Domestic Product
GPO	General Post Office
HIV	Human Immunodeficiency Virus
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication Technology
IPSAS	Public Sector Accounting Standards Board
IPSASB	International Public Sector Accounting Standards Board
ISMS	Information Systems Management Standards
ISO	International Standards Organisation
ITS	Intelligent Traffic Management System
JKIA	Jomo Kenyatta International Airport
KenHA	Kenya Urban Roads Authority
KeRRA	Kenya Rural Roads Authority
KM	Kilometres
KRB	Kenya Roads Board
KURA	Kenya Urban Roads Authority
MBS	Moran of Burning Spear
MIEK	Member of Institute of Engineers of Kenya
MTP	Medium Term Planning
NRRDP	Nairobi Roads Rapid Decongestion Programme
PBRM	Performance Based Routine Maintenance
PBC	Performance Based Contract
PE	Practicing Engineer
PFM	Public Finance Management
PLWD	People Living with Disability
QMS	Quality Management System
RMLF	Road Maintenance Levy Fund

RSIP	Road Sector Investment Programme
SCAC	State Corporation Advisory Council
SDG	Sustainable Development Goals
SPS	Sector Performance Standards
UA	Urban Arterial Roads
UC	Urban Collector Roads
UL	Urban Local Roads

## B. Glossary of Terms

- i) **Pending Bills** refers to unsettled financial obligation at the end of a financial year relating to development projects.
- ii) **Exchequer** refers to money held from taxation and other government revenues in the Consolidated Fund
- iii) **Routine road maintenance** works are usually non-structural in nature and are meant to extend the life of the pavement, to enhance the performance and to reduce user delays in road use.
- iv) **Periodic maintenance** involves maintenance works that are carried out in intervals of years, that are of large-scale, and that are aimed at preserving the structural integrity of the road. This mainly involves activities aimed at rejuvenating the road surface and carrying out repairs over long stretches of road.
- v) **Roads 2000** concept is a strategy to create employment and wealth among local communities utilizing locally available resources, appropriate technologies, and labour-based methods where and when these are cost effective.

## KEY AUTHORITY'S INFORMATION AND MANAGEMENT

### a) Background information

Kenya Urban Roads Authority (KURA) is a State Corporation established under the Kenya Roads Act 2007. The Authority is headed by a Board of Directors led by a chairman with the Director General being the Chief Executive of the Authority.

At the cabinet level the Authority is represented by the Cabinet Secretary for the Ministry of Roads and Transport who is responsible for the general policy and strategic direction of the Authority.

### b) Principal activities

The Mandate of the Authority as defined in the Kenya Roads Act in Section 10(1) 2007 and as read together with Subsidiary Legislation on Road Classification of 2016 and Cities and Urban Areas Act, 2011 is to Manage, Develop, Rehabilitate, and maintain all National Urban Roads in Cities, Municipalities and Towns of Kenya except where those roads are national roads. Specifically, KURA has responsibility over the following road classes:

- (a) Urban Arterials - Class UA
- (b) Urban collectors including primary distributors, district distributors – Class UC
- (c) Urban local roads including minor distributors, local streets, residential stand accesses, commercial and industrial stand accesses, shopping streets – Class UL

### c) Key Management

The Authority's Day to day management is under the following key organs;

1. Board of Directors
2. Senior management led by the Director General

### d) Fiduciary Management

The key management personnel who held office during the year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

Designation	Name
1. Director General	: Eng. Silas M. Kinoti, MBS
2. Director, Corporate Services	: CPA. Reuben Mayienda
3. Director, Urban Roads Planning & Design	: Eng. Wilfred Oginga
3. Director, Urban Roads Development	: Eng. Abdulrashid Mohamed
4. Director, Road Asset & Corridor Management	: Eng. Mike Yego Telieny
5. Ag. Director, Policy, Strategy & Compliance	: Eng. Jacinta W. Mwangi

### **e) Fiduciary Oversight Arrangements**

The Authority has an independent Internal Audit Department which reports directly to the Board Audit and Risk Committee. This Committee performs the Authority's oversight duties as far as Internal Controls and Risk Management is concerned.

Additional oversight is provided by the Kenya Roads board through fund inspections undertaken in the course of the year.

### **f) Authority Headquarters**

Barabara Plaza  
Mazao Road, off South Airport Road  
JKIA, Nairobi

### **g) Contacts**

Kenya Urban Roads Authority  
P.O. Box 41727-00100,  
Telephone: (254) 020-8013844,  
E-mail: [info@kura.go.ke](mailto:info@kura.go.ke)  
Website: [www.kura.go.ke](http://www.kura.go.ke)

### **h) Principal Bankers**

*KCB Bank Limited,*  
Moi Avenue Branch,  
P.O. Box 48400-00100,  
Nairobi GPO

*Co-operative Bank of Kenya Ltd,*  
Upper Hill Branch,  
P.O BOX 48231-00100,  
Nairobi.

*National Bank of Kenya*  
Hill Branch,  
P.O BOX 45219-00100,  
Nairobi.

### **i) Independent Auditor**

Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 49384-00100  
Nairobi, GPO

**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

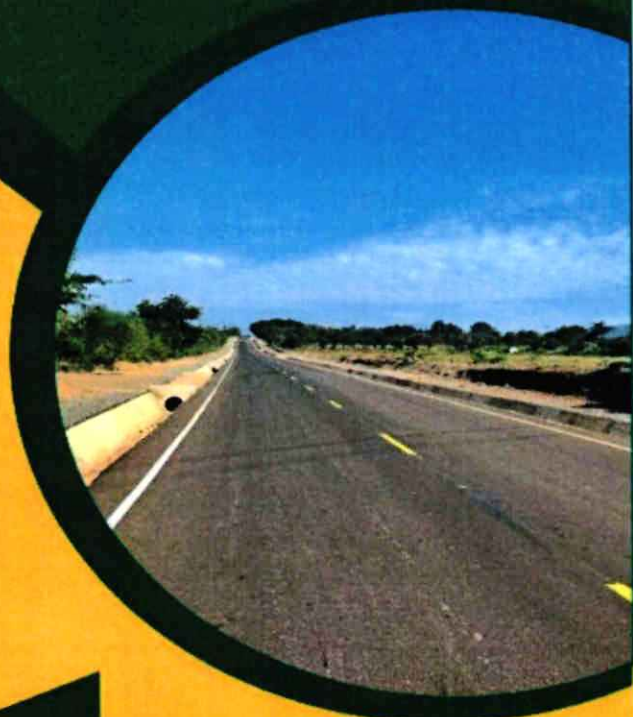
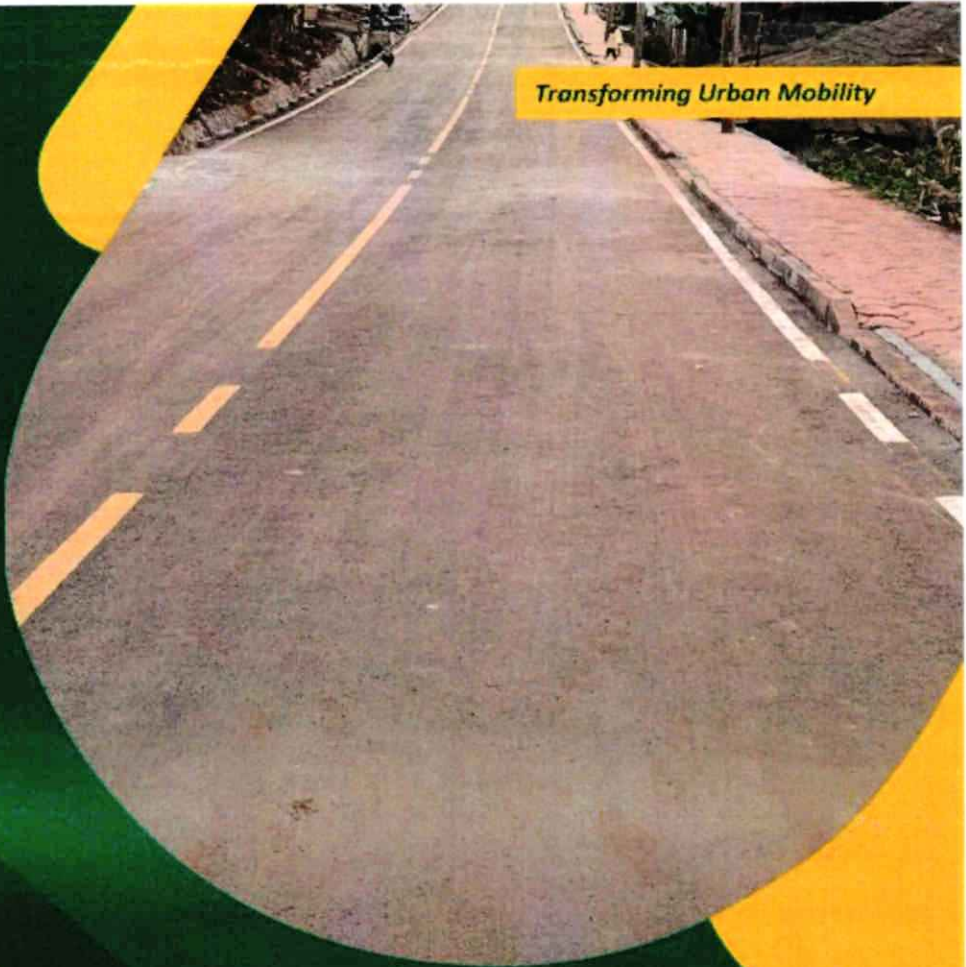
Nairobi, Kenya

## **2. Vision:**

**“A leading provider of sustainable urban mobility”**

## **3. Mission:**

**“Provide and Manage, Quality, Safe, Adequate and Responsive Urban Mobility”.**



# BOARD MEMBER'S DETAILS



**Board Chairman**  
**Eng. Charles Mugo Chiuri, (PE, FIEK)**  
**Institution of Engineers of Kenya**



**Dr. Chris K. Kiptoo, CBS**  
**Principal Secretary,**  
**National Treasury**



**Eng. Joseph M. Mbugua**  
**Principal Secretary**  
**State Department for Roads**



**Ms. Teresia Mbaika**  
**Principal Secretary**  
**State Department for Devolution**



**Mr. Joseph Gathua Kiatii**  
**Alternate Member to the Principal**  
**Secretary National Treasury**



**Eng. Luka K. Kimeli**  
**Director Representing**  
**PS State Department for Roads**



**CHRP, Jayne K. Asuma**  
**Director Representing**  
**PS State Department for Devolution**



**Mr. Abraham K. Samoei**  
**Director Representing**  
**Institution of Surveyors of Kenya**



**Mr. Joseph Muganda**  
**Kenya Association of**  
**Manufacturers**  
**(KAM)**



**Ms. Joyce N. Mundara**  
**Association Of County Governments**  
**(ACGOK)**



**Mr. Basil N. Nyaga**  
**Matatu Welfare Association**  
**(Urban Public Transport)**

# BOARD MEMBER'S DETAILS



**Board Chairman**  
**Eng. Charles Mugo Chiuri, (PE, FIEK)**  
Institution of Engineers of Kenya

**Eng. Chiuri** is the Chair of the KURA Board. He is a registered Engineer and a Fellow of the Institution of Engineers of Kenya (IEK). He has over Four decades of experience in the Roads Sector ( both in the Public & Private Sectors). Twenty Nine years of which were spent in the Nairobi City Engineering department where he played a key role in planning design and development of various Nairobi City roads.

Eng. Chiuri is well versed in areas of Management, Development, Transport Project Planning, Evaluation, Road Traffic Management and Corporate Governance. In his professional tenure, he has also served in various capacities in the private sector, designing and supervising major road projects in the country.

Born in 1951, he holds a Bachelor's Degree in Civil Engineering from the University of Nairobi and a Masters' Degree in Highway Engineering from the University of Birmingham. Eng. Chiuri is serving his second term in the Board. He was appointed as the Board Chair on 8<sup>th</sup> August, 2022.



**Dr. Chris K. Kiptoo, CBS**  
Principal Secretary, National Treasury

*Start Date: January 2023 to date*

**Dr. Chris Kiptoo** is the Principal Secretary, National Treasury. He was appointed Principal Secretary by President William Samoei Ruto on 1<sup>st</sup> December 2022. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives.

In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates;

fiscal operations and policy; financial sector matters including capital markets; national accounts / real sector and macroeconomic accounting, modelling and forecasting.

Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organizational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa. Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.

Dr. Chris Kiptoo holds a Doctor of Philosophy Degree (PhD) in Finance (*International Macroeconomics Finance specialization*) from The Nairobi University, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI).



**Eng. Joseph M. Mbugua**  
Principal Secretary  
State Department for Roads  
*Start Date: January 2023 to date*

**Eng. Joseph Mungai Mbugua** was appointed as the Principal Secretary State Department for Roads on 2<sup>nd</sup> November 2022. He is a registered Engineer with The Engineers Board of Kenya (EBK) and a Corporate Member of the Institution of Engineers of Kenya (MIEK). Prior to his appointment he had served in various posts in the Road Sector with the most recent being as a Regional Director at Kenya Rural Roads Authority

Born in 1962, Eng. Mbugua holds a BSC in Civil Engineering from The University of Nairobi. He is a Strategic Manager who has successfully risen in ranks to be a highly capable change-agent consistently refining and revitalizing strategies, initiating changes and facilitating solutions driven by team collaboration within the Public Sector.

He has been extensively trained in Strategic Leadership Development, Senior Management Course, Highway Development Management, Contract Management, Labour Based Road Construction and Maintenance, Quality Management Systems and Master Certificate in Project Management. He has valuable experience in policy formulation, planning, design, construction and management of projects and programs gained from his working experience in Public Service for over 33 years.



**Ms. Teresia Mbaika**  
Principal Secretary  
State Department for Devolution

*Start Date: January 2023 to Date*

**Ms. Teresia Mbaika** is the Principal Secretary State Department for Devolution Office of the Deputy President.

PS Mbaika holds a Master of Science Degree in Health Economics and Policy from the University of Nairobi and a Bachelor of Science Degree in Environmental Health from Kenyatta University. She has attended various trainings and conferences spanning the Energy Sector, Leadership and Corporate Governance fields among others.

She joined the State Department with over 10 years' experience in Corporate Governance, Resource Mobilization, Strategic Management, Leadership and Public Finance Management.

Prior to her appointment, PS Mbaika served a six (6) year term as a Board Member at the Nuclear Power and Energy Agency (NuPEA) where she served in various capacities as the Chairperson, Technical Committee; Chairperson, Audit Committee; Chairperson, Human Resource Committee and Member of the

Publicity & Advocacy Committee.

The PS also served as a Board Member of the National Environmental Management Authority (NEMA) for a three (3) year term where She held various undertakings as the Chair of the Technical, Finance and Administration Committees and as a Member of the Audit Committee.

PS Mbaika has also served as the Secretary to the National Government Constituency Development Fund Board (NG-CDF), Kaiti Constituency from 2013-2017, where She oversaw the financial management and corporate governance of the Fund.

She launched her career in community service where she served as a Woman Leader pioneering various community projects as well as coaching and mentoring the youth.

Youth mentor-ship and coaching is a passion that is very close to her heart and she is still actively involved in, as the Patron Kaiti University Students' Association, Trustee, Kaiti Constituency Development Forum and Trustee, Kaiti Greening Champions.



**Mr. Joseph Gathua Kiarri**  
Alternate Member to the Principal  
Secretary National Treasury

**Mr. Joseph Gathua Kiarri** is the alternate Member to the Principal Secretary at the National Treasury he has a wealth of experience in the Public Service particularly on Government Investments and Public Enterprises Management where he has served for over twenty years. He is well versed in Project Appraisal & Risk Analysis, Management of Contingent Liabilities, Debt Management and Corporate Governance. His tour of service includes 4 years as an Accountant at the Machakos District Treasury, Ministry of Foreign Affairs and Office of the President. Currently he serves at The National Treasury in the Directorate of Portfolio Management and Public Investments. Born in 1966 Mr Kiarri holds a Bachelor of Commerce degree (Accounting option) from the University of Nairobi and is a Member of the Institute of Certified Investment & Financial Analysis (ICIFA).

# BOARD MEMBER'S DETAILS



**Eng. Luka K. Kimeli**  
Director Representing  
PS State Department for Roads

**Eng. Luka K. Kimeli** Serves the State Department for Roads as the Roads Secretary Managing budgeting & forward planning for infrastructure programs within the Authorities. He also leads Monitoring & Evaluation of all programs amongst other key strategic Engineering functions within the State Department. Eng. Kimeli has led various bilateral & Multilateral Infrastructure programs including; The Roads200 Program, Implementation of the Low Volume Seal Roads Program that saw over 7,000 Km of roads being contracted for implementation turning around the contracting landscape & Also kicked off the first Public Private Partnership project implemented under the Annuity Financing Model in the Country.

Eng. Kimeli serves in the Board as an Alternate Member Representing the Principal Secretary State Department for Roads. He is a seasoned Engineer having served at various levels in the Engineering Space from a District Roads Engineer to The Acting Director General of Kenya Rural Roads Authority.

He holds a master in Business Administration (Strategic Management) & a Bachelor of Science in Civil Engineering. Eng. Kimeli Serves in the following Board Committees; Finance & Strategy Committee, The Board Technical Committee.



**CHRP, Jayne K. Asuma**  
Director Representing  
PS State Department for Devolution

**Mrs. Jayne K. Asuma** is the Director Human Resource Management & Development at the State Department for Devolution. She is the Alternate Member to the Principal Secretary State Department for Devolution at the Board.

Ms. Asuma has immense experience in change Management, Human Resource Management, Development & Implementation of Public Policy & Performance Management from her extensive tenure in administration.

She Holds a Bachelor of Education Arts from Kenyatta University & a Higher Diploma in Human Resource Management from the Institute of Human Resource Management.

She has had an extensive tour of Duty from an Administrator bolstering education Management to developing, planning & Managing Human Capital at various Ministries.

Ms. Asuma serves in the following Board Committees; Human Resource & Board Technical Committee.



**Mr. Abraham K. Samoei**  
Director Representing  
Institution of Surveyors of Kenya

**Mr. Abraham K. Samoei** is the President of the Institution of Surveyors of Kenya (ISK) & represents the Institution in the Board. His role at ISK is to provide strategic leadership to the Council and the Institution, Advocate for member's professional interest and drive public engagements in the land and property sector.

Mr. Samoei is a Registered Valuer & Estate Agent with vast experience in Land Economy & Development. Some of his notable achievements include the development of the Kenya Valuation Standards, Participated in the Formulation of the National Land Policy, Review of the Valuer's Act and Survey Act & Improvement of land sector governance framework. He was also the Convener of Africa Regional Conferences for Surveyors for the years 2018- 2023.

He holds a Master of Science Degree in Real Estate from National University of Singapore and a Bachelor's degree in Land Economics from the University of Nairobi.

He Chairs the Board Technical Committee & Also serves in the Finance & Strategy Committee.

## BOARD MEMBER'S DETAILS



**Mr. Joseph Muganda**  
Kenya Association of Manufacturers  
(KAM)

**Mr Muganda** is an accomplished leader who has had an illustrious career across the African continent and UK. He is currently the CEO of Manicaland Investments Limited, a company offering consultancy services in Strategy Development & Execution, Sales, Marketing and distribution for FMCG's and Coaching & Mentorship of young entrepreneurs.

For over three decades, Mr. Muganda occupied leadership positions in large corporations in the private sector including VIVO Energy Kenya (Shell Licensee), Nation Media Group, Kenya Breweries Ltd and British American Tobacco who are all market leaders and influential players in their respective areas of competence in the Kenyan economy. He holds an MBA from University of Leicester and B.Sc. (Econ) Accounting & Financial Management the University of Buckingham.

Mr. Muganda represents the Kenya Association of Manufacturers in the Board. He Chairs the Finance & Strategy Committee of the Board & also serves in the Human Resource Committee of the Board.



**Ms. Joyce N. Mundara**  
Association Of County Governments (ACGOK)

**Ms. Mundara** represents the Association of County Governments in the Board. She is a business Development and Communication expert with diverse experience in strategic alliances and partnerships.

She is a graduate in business development, University of North Carolina and has over 15years experience coordinating local governments. She has successfully implemented public sector and development agencies programs and developed advocacy tools for the devolved systems of Government in Kenya.

Ms. Mundara is serving her first term in the Board having been appointed to the Board on 14<sup>th</sup> April, 2022. She Chairs the Human Resource Committee of the Board and also serves in the Finance & Strategy Board Committee.



**Mr. Basil N. Nyaga**  
Matatu Welfare Association  
(Urban Public Transport)

**Mr Basil Ntwiga Nyaga** is an established entrepreneur with over 20 years' experience in the Public Transport Sector. He is currently the Secretary General of Matatu welfare association (MWA). Prior to venturing into business Mr. Nyaga served for 12yrs at D.T. Dobie & Co. Ltd as the Deputy General Manager (Management Services).

Born in 1958 Mr. Nyaga holds a Bachelor of Commerce Degree from The University of Nairobi. He is well versed with Corporate Governance & Management with both local and international training & practice. He represents the Matatu welfare association in the board and was appointed to the KURA Board on 22<sup>nd</sup> July, 2019.

Mr. Basil Chairs the Board, Audit & Compliance Committee. He also serves in the Human Resource & The Technical Committees of the Board.

# MANAGEMENT TEAM



Eng. Silas M. Kinoti, MBS, FIEK  
**Director General**  
**Secretary to the Board**  
MBA. (Corporate Management),  
BSC (Civil Engineering)  
PE, Member - IEK



**Mike Telieny**  
Director Road Asset &  
Corridor Management,



Eng. Jacinta Mwangi  
Ag. Director Policy  
Strategy & Compliance



CPA Mr. Reuben Mayiinda  
Director  
Corporate Service  
MA (Public Policy  
Management),  
MBA (Finance),  
Bcom (Finance), CPA (K)  
Member- ICPAK



Eng. Wilfred R. Ogingo  
Director Urban Road  
Planning & Design



Eng. Abdurashid S. Mohamed  
Director Urban Road  
Development

## CHAIRMAN'S STATEMENT



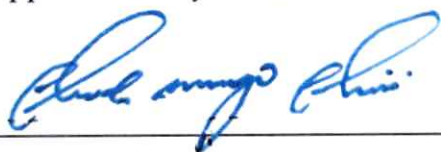
Urban Roads are a critical Socio-Economic Development Pillar, they enhance productivity and improve living conditions through improved connectivity & growth in urban competitiveness. Kenya Urban Roads Authority has been at the forefront of delivering this aspiration to the Kenyan public through the development and maintenance of the National Urban Road Network.

Our Strategic Intent has been premised on the need to meet growing demand for urban roads that ease mobility and are steered towards sustainable urban development practices. During the period under review the Authority implemented various Strategic national urban road development and management projects across the country. The year under review saw the Authority achieve significant milestones in the delivery of her mandate. The close of this financial year also saw the Authority finalize implementation of the 2018-2022 Strategic Plan and formulation of the 2023-2027 Strategic Plan that is centred on Transforming Urban Mobility. In the 2023/2024 Financial Year, operations were greatly impacted by the shrinking resource basket. To mitigate on this the Authority has set its sight on increased efforts for resource mobilization through alternative funding arrangements notably Public Private Partnerships and development partner funding.

The Authority is committed to global technological innovation in the management of urban roads particularly in the areas of Smart Traffic management systems and efficient public transportation. Smart Traffic management systems are advanced technologies that aim to improve the efficiency and safety of transportation systems using real-time data, communication networks, and advanced algorithms. These systems use a variety of sensors, cameras, and other technologies to gather data about traffic flow, weather conditions, and other factors, which is then analysed and used to adjust traffic lights, road signage, and other infrastructure in real-time. Significant progress has been made in the implementation of the Intelligent Traffic Management System to ease traffic flow in Nairobi city. The development of Bus Rapid Transit Line is on course. Bus Rapid Transit (BRT) is a high-quality bus-based transit system that delivers fast, comfortable, and cost-effective services at metro-level capacities. It does this through the provision of dedicated lanes, with busways and iconic stations typically aligned to the centre of the road, off-board fare collection, and fast and frequent operation. These programs are geared towards creating more efficiency in urban roads and creating Sustainable Cities & Communities.

Moving forward we will see intensified collaborative sustainability approaches geared towards creating transformative urban roads that provide solutions to challenges afflicting the rapidly evolving Urban spaces.

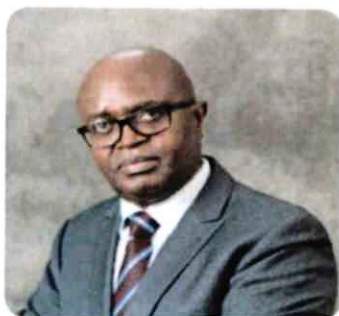
The Board remains committed in providing the adequate leadership to the Authority to facilitate the delivery of quality, safe & adequate urban mobility for the Country's economic growth and development. On behalf of the Board, I wish to appreciate the Government of Kenya, Development partners and all our Stakeholders for the immense & unwavering support that they continue to accord us in the delivery of our mandate.



---

Eng. Charles M. Chiuri (PE, FIEK)  
**CHAIRMAN OF THE BOARD**

## REPORT OF THE DIRECTOR GENERAL



Kenya's Gross Domestic Product (GDP) grew by 5.6% in 2023 as compared to 4.8% in 2022. Despite economic slowdown witnessed across advanced economies, the improved growth rate in line with Kenya's Medium-Term Plan (IV), 2023-2027 is associated with a rebound in agricultural activities. The urban road infrastructure is an enabler for realization of the Vision 2030 development aspirations.

In this era of climate change, the Authority is cognizant of the requirement of Sustainable Development Goal (SDG) 9.1 on developing quality, reliable, sustainable and resilient infrastructure. Further to this, SDG 11 further stresses on provision of access to safe, affordable, accessible, and sustainable transport system and reinforced by aspiration 1 of African Union Agenda 2063.

Kenya's Medium-Term Plan (IV), 2023-2027, presents a challenge on the impact of transitioning from fossil fuel, on which our road maintenance financing is anchored, to green energy and e-mobility invention. This calls for policy shift towards integrating climate resilience in road infrastructure management. This shift aims at enhancing efficiency, sustainability and optimal management and utilization of available resources. Such transformative approach shall be key to achievement of the Road Sector Investment Program (RSIP III) goals including; timely maintenance, maintenance backlog elimination, urban congestion elimination and effective axle load management.

Urban road infrastructure development is a key enabler for economic growth of Cities, Towns and Urban areas. This includes the realization of the desired socio-economic aspirations under the Bottom-up Economic Transformation Agenda (BeTA). The building of institutional adaptive capacities aims at leveraging on the Authority's Vision, Mission and Mandate as a leader in providing sustainable urban mobility. Towards these aspirations, the Authority is at an advanced stage of development and/or implementation of relevant Strategies, Policies and Guidelines to guide in Planning, Designing, Construction, Maintaining and Managing the Urban Road network.

### **1 The urban Roads Network**

Due to rapid urbanization in Kenya, the provision of road transport infrastructure in urban areas has not been able to keep pace with the demand and has resulted in challenges in the road transport system. Currently, the Authority manages 3,982Km of Urban Road network, of which 2,385Km is Gazetted as Urban roads while 1,597Km have been classified but awaiting gazettelement. The condition of the Gazetted roads is as tabulated below.

Road Type	Surface	Condition			Total (Kms)	Proportion (%)
		Good (Kms)	Fair (Kms)	Poor (Kms)		
Paved		760.43	968.61	327.81	2056.85	52%
Unpaved		444.87	778.5	701.78	1925.15	48%
<b>Total</b>		<b>1205.30</b>	<b>1747.11</b>	<b>1029.59</b>	<b>3982.00</b>	<b>100%</b>
<b>Proportion (%)</b>		<b>30%</b>	<b>44%</b>	<b>26%</b>	<b>100%</b>	

**Table 1: Condition of the road network: KRB, 2020 (KURA FY 2023 ARICS)**

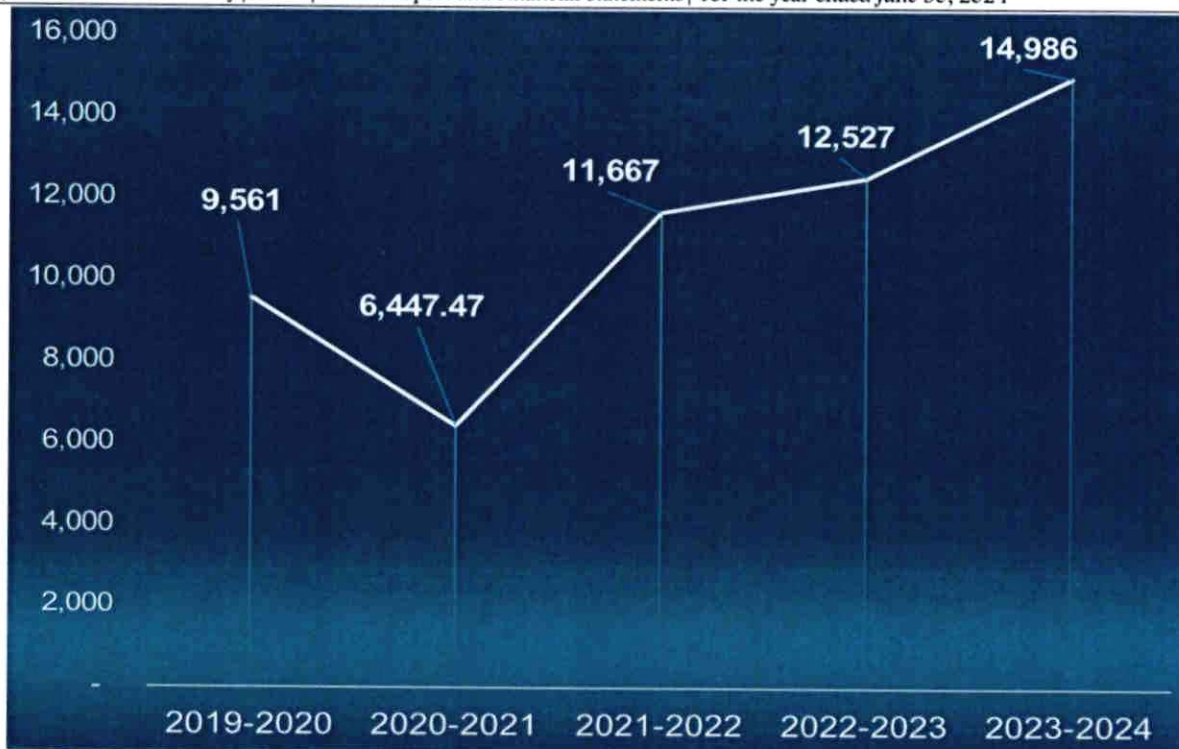
The data in the table above reflects the gains made in the management of the urban road network, where a fair share of **1,205 kms (30%)** of the road network is in good condition. However, more investment is required to improve the **1,029.6km (26%)** of the urban road network currently in poor condition. This will transform the poor road condition to fair condition and upgrade/pave the **1,925Kms** of unpaved road network.

Motorization has been on the increase with notable increase in vehicles on Kenyan roads, composed of over 40 percent private cars, mostly operating in urban areas with high growth rate. The pressure exerted on the urban road infrastructure due to this growth calls for corresponding increase in allocation of resources for upgrading and maintenance of the urban road network. This will guarantee improved mobility, access and connectivity within our urban areas.

Due to rapid urbanization and expansion of KURA operations into more urban centres, the urban road network in Kenya has been increasing over time and is expected to increase further, hence the need for more investment.

## **2 Budget and Expenditure in Road Investment**

Since its establishment, the fund has steadily grown based on road network and fund size in meeting the needs for the urban roadworks with the expenditure matching the budget as tabulated below.



**Figure 1: Five-year funding trend**

## 2.1 Resource allocation

The Road Maintenance Levy Funds (RMLF) is the major source of revenue for the Authority, which is utilised for maintenance and improvement of the existing urban road network. The fund is useful for investment in the road network for desirable service levels and subsequent growth of the economy. During the year under review, the Authority received a total of **Kshs.14.6 Billion** for maintenance and rehabilitation of urban roads.

## 2.2 Performance and utilisation of funds

The Authority has demonstrated commitment in ensuring prudent, efficient and transparent use of limited resources. This is achieved through adherence to procurement legal requirements and stringent quality assurance processes.

During the implementation of Annual Public Road Program in the Financial Year 2023/2024, the Authority maintained a total of 3,102 Km of urban roads. These comprise Rehabilitation of 32 kms, periodic maintenance of 450 Km, PBRM of 1, 270 Km and routine maintenance of 1,350 km. Whereas the Authority Planned to undertake roadworks on 2,878.2 kms, the actual works were implemented on 3,102 kms, thus a positive variation of 223.8 kms of road

works was achieved. The figure overleaf shows the comparison of maintenance interventions in relation to planned works by the Authority during the reporting period.

**Table 2: Road Maintenance Interventions and Performance in FY 2023-2024**

Intervention	Planned	Achieved	Variance/Remarks
Routine Maintenance	1276.6	1350.0	+73.40
Performance Base Contracting (PBC)	1155	1270	+115
Periodic Maintenance	415	450	+35
Rehabilitation/Upgrading	31.6	32.0	+0.4
<b>Total</b>	<b>2,878.2</b>	<b>3,102</b>	<b>+223.8</b>

### Value for Money

The Authority is keen on ensuring prudent management of public resources and subscribes strongly to the principles of public finance as required by the constitution and the law. In the execution of projects, the Authority ensures that the fund investment achieves value for money. The analysis of value for money for the urban road network investment takes in consideration the number of kilometers maintained, timely delivery of the road projects, cost efficiency, and the socioeconomic impact of the project to the community. The table below demonstrates the cost efficiency of the fund.

**Table 3: Cost Efficiency of the fund**

Type of intervention	No of kilometres maintained		Average cost per Kilometre		Cost efficiency
	Planning	Implementation	Planning	Implementation	
Routine Maintenance	1,276.59	1,350.00	1,865,113.56	1,518,301.89	19%
Performance Based Routine Mtce	1,155.39	1,270.00	1,614,083.05	1,382,279.27	14%
Periodic Maintenance	415.07	450.00	8,778,792.79	7,209,435.51	18%
Rehabilitation/Upgrading	31.62	32.00	29,377,266.27	25,151,786.23	14%
<b>Total/Average</b>	<b>2,878.66</b>	<b>3,102.00</b>	<b>10,408,813.92</b>	<b>8,815,450.73</b>	<b>16%</b>

### 3 Road maintenance and rehabilitation

#### 3.1 Road Maintenance and rehabilitation

The Authority enhanced the value of the invested funds in the urban road assets through rehabilitation, routine, and periodic maintenance of all roads under its jurisdiction. This is done on an annual basis based on approved work plans. The Authority's Road maintenance programs are funded through the Road Maintenance Levy Fund (RMLF) administered by Kenya Roads board in accordance with the Kenya Roads Board Act 1999 (Revised: 2020).

To realize timely delivery of maintenance works, the specifications and conditions for execution are well structured. The contracts have provisions for liquidated damages on delayed completion and payment reduction on non-compliance with desired service levels.

Over the last five years from FY 2019/2020 to FY 2023/2024, the Authority has invested Kshs.53.4 billion in road maintenance works. The routine maintenance works accounted for 23% of the Maintenance works while periodic maintenance and rehabilitation works accounted for 46% and improvements/upgrading accounted for 31% of the total investment in Road maintenance. Table 4 below shows the investment trend in the road maintenance works.

**Table 4: Five Year Investment in Road Maintenance**

FY	Routine Maintenance	Periodic Maintenance/Rehabilitation	Upgrading/Rehab (Conditional Funding)	Total Maintenance
	(Kshs Million)	(Kshs Million)	(Kshs. Million)	(Kshs Million)
2019-2020	1,147	3,771	210	5,128
2020-2021	1,865	4,481	6,080	12,426
2021-2022	1,837	4,776	2,918	9,531
2022-2023	3,264	7,085	2,778	13,127
2023-2024	4,246	4,573	4,400	13,218
<b>Total</b>	<b>12,358.80</b>	<b>24,685.70</b>	<b>16,385.90</b>	<b>53,430.40</b>

#### 1.1 Annual Public Roads Programme (APRP)

The Authority contributes to the National Annual Public Roads Programme (APRP) through preparation of Annual Roads Works Program (ARWP) based on RMLF allocations and urban road network condition. The APRP implementation is monitored through monthly service level compliance, quarterly reporting to KRB and sampled Quality Assurance Monitoring in addition to Internal Auditing and fund utilization monitoring by KRB and the Ministry.

The Authority implemented the labour-intensive Roads 2000 strategy, into work execution methodologies, to support the Government desire to provide employment opportunities to the youth and women. During the 2023/2024 financial year, the Authority created employment for 11,462 equivalent full-time jobs under R2000 program against the performance target of 9,999 jobs. The persons were majorly employed to provide labor through the Performance Based Contracting.

## **1.2 Automation of Traffic Management**

The Authority continued to maintain **Intelligent Traffic management System (ITS)** pilot project to improve traffic management along the Nairobi Western Ring Road corridor linking Ngong Road and Waiyaki Way (A104) at Westlands Roundabout. This involved the design and installation of traffic signal system at 20 intersections and setting up of a Traffic Management Centre. Some of the benefits realized from the pilot project include:

- i. Improved traffic flow efficiency of up to 40% from survey analysis,
- ii. Reduced waiting time to less than 30 seconds at intersections,
- iii. Traffic enforcement (E-Police) system eliminates the need to have physical presence of police at intersections,
- iv. Real-time traffic data collection provides accurate information for forecasting and engineering design,
- v. Centralized traffic infrastructure and network management

The Authority plans to improve 205 junctions in Nairobi City with the First Phase of 25 junctions earmarked for improvement in the FY 2024-2025. The Authority is undertaking a feasibility study on the ITS in Mombasa City in collaboration with The Japan International Cooperation Agency (JICA).

## **1.3 Outcomes of road maintenance programs**

The maintenance of urban roads has enhanced the longevity of the urban road infrastructure through maintenance as well as its functionality and technical integrity, thereby enhancing the service levels. The roads have reduced travel time and enhanced transportation of goods, services and products, created employment and job opportunities for livelihoods. The urban road network has significantly contributed to the growth of the nation's Gross Domestic Product. Due to the maintenance of the urban road network, there has been improved aesthetics in urban areas and reduced dust pollution, improved drainage system on the road network hence contributing to climate resilience. The road works have enhanced access to government services, promoted cohesion and regional integration as well as technical skills development and competencies.

## **1.4 Impacts of roads maintenance on the economy and the society**

The urban road network contributes to the realization of the BETA Agenda, Kenya-Vision 2030, Sustainable Development Goals (SDGs) and Sector Performance Standards (SPSs).

The improved and maintained urban road network has contributed immensely to urban landscape modernization and realization of City status for newly inaugurated Cities of Nakuru and Eldoret and transformation of other urban areas. This will go a long way in realization of smart and resilient cities and urban areas for Sustainable socio-economic development.

The urban road network has contributed to stimulation of the economy in urban areas, towns, and cities by enhancing agricultural transformation and inclusive growth, micro-small and medium enterprise economy, housing and settlement, healthcare and digital super highway and creative (MSME) economy. The infrastructure remains an enabler for the growth of the agricultural and tourism sectors which have a direct significant contribution to the gross domestic product of the country. The urban roads have enhanced the development of smart and resilient cities, towns, and urban areas for Sustainable socio-economic development. Through the implementation of the annual programme, the Authority continues to empower the youth, women as well as People living with disabilities (PLWD) through AGPO preferences during procurement. During the year under review, contracts amounting to Kshs.7.78 billion were awarded to the vulnerable groups under the Access to Government Procurement Opportunities program.

### **1.5 Implementation challenges**

The Authority continued to achieve outputs in the implementation of her strategic objectives and in the realization of her mandate despite numerous challenges. These challenges include; limited funding for the expanding needs in the urban road network which calls for alternative funding models; encroachment on the road corridor as well as vandalism of the assets, service relocation needs which calls for collaborative working with stakeholders; Ineffective/incomplete Modal Split performance of public transport that puts a strain on the road transport, sometimes due to inadequacies and gaps in different transport modes. Climatic effects that predispose the road infrastructure to unforeseen damages e.g., Floods that affect project delivery timelines and damage the roads hence require climate resilient road infrastructure investment models.

### **1.6 Outlook**

In the next two decades, it is envisaged that challenges in the urban road transport system will continue to be experienced. Hence, without immediate and sustained progressive investment in urban transport infrastructure and services, the average trip speed as well as the average roundtrip journey time to work will decline. Accordingly, the economic cost of low investment is likely to run into billions of shillings per annum in terms of opportunity cost and lost productivity due to time wasted in traffic congestion. The Government of Kenya is nevertheless committed in progressive investment in the urban infrastructure as seen from improved allocation of funds over the years.

However, it is essential to acknowledge the persistent challenge of inadequate funding from the Government of Kenya, which has, at times, hindered our ability to meet all our targets.

Despite these constraints, we remain resolute in our dedication to transforming urban mobility. To cope with the funding challenges, we are actively exploring alternative financing models, such as fees, levies and grants for road infrastructure development and maintenance.



**Eng. Silas M. Kinoti, MBS**  
**DIRECTOR GENERAL**

## STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The urbanization component of the Second Medium Term Plan (MTP2) of the Kenyan Vision 2030 aims to facilitate a sustainable urbanization process through an integrated urban and regional planning management framework of Kenyan urban centers and towns. Infrastructure development in general and roads infrastructure in particular forms a key foundation and enabler of this Vision. The 2023-2027 strategic plan is set out on the Authority's core mandate with clear and measurable targets.

Kenya Urban Roads Authority has four strategic pillars and objectives within the current Strategic Plan.

STRATEGIC ISSUE	GOAL	KEY RESULT AREAS
<ul style="list-style-type: none"> <li>• Need for efficient urban mobility</li> <li>• High rate of urbanization</li> <li>• Climate change and global warming</li> </ul>	Goal I: plan, Design, construct, Maintain and Manage National Urban Road Network for responsive urban mobility.	KRA I: Plan, Design, Construct, Maintain and Manage National Urban Road Network
<ul style="list-style-type: none"> <li>• Budget cuts and reduced budgetary allocation</li> </ul>	Goal II: Prudent financial management and Resource mobilization for financial sustainability.	KRA II: Resource mobilization and financial sustainability
<ul style="list-style-type: none"> <li>• Brand visibility</li> <li>• Stakeholder engagement</li> </ul>	Goal III: Enhance KURA corporate image and visibility	KRA III: Brand management, stakeholder engagement and collaboration
<ul style="list-style-type: none"> <li>• Changing technology</li> <li>• Customer excellence in service delivery</li> </ul>	Goal IV: Enhance corporate governance and institutional capacity.	KRA IV: Corporate governance and institutional capacity

### Performance Contracting

The Authority is committed to meeting its performance targets. The table below shows the performance of the Authority for the year ended 30 June 2024.

Kenya Urban Roads Authority | RMLF | Annual Report and Financial Statements | For the year ended June 30, 2024

	Indicator / Criteria	Unit	Weight	Target	Actual	% Change	Raw Score	Weighted Score	Rating
<b>A</b>	<b>Financial &amp; Stewardship:</b>								
A1	Absorption of Local Funds	%	2	100.00	100.00	0.00	3.000	0.060	V. Good
A2	Absorption of Externally Mobilized Funds	%	3	100.00	100.00	0.00	3.000	0.090	V. Good
A3	A-in-A	Kshs	2	195,000,000	419,387,385	115.58	1.000	0.020	Excellent
A3	Pending Bills	%	3	99.00	99.00	0.00	3.000	0.090	V. Good
	<b>Weight Sub-Total</b>		<b>10</b>						
<b>B</b>	<b>Service Delivery</b>								
B1	Service delivery systems		3	100.00	100.00	0.00	3.000	0.150	V. Good
B2	Implementation of Citizens' Service Delivery Charter	%	6	100.00	100.00	0.00	3.000	0.180	V. Good
B3	Digitalization of Government Services	%	4	100.00	100.00	0.00	3.000	0.120	V. Good
	<b>Resolution of Public Complaints</b>		<b>13</b>						
<b>C</b>	<b>Core Mandate</b>								
C1	<b>New Roads Developed</b>								
i	New Roads Constructed	Km	2	41.80	32.74	-21.67	3.433	0.069	Good
ii	New Roads Upgraded	Km	3	17.00	30.00	76.47	1.471	0.044	Excellent
iii	Roads Constructed Under Low Volume Scaled (LVS) Programme	Km	2	15.35	13.40	-12.77	3.235	0.065	Good
iv	Walkways Constructed	Km	3	238.36	211.41	-11.38	3.228	0.097	Good
v	Annuity Program	Km	4	40.00	48.68	22.20	2.856	0.102	V. Good
vi	New Structures Constructed	%	1	100.00	100.00	0.00	3.000	0.030	V. Good
<b>C2</b>	<b>Maintenance of Roads</b>								
i	Roads Maintained Under Periodic Maintenance Program	Km	6	500.37	503.00	0.53	2.989	0.179	V. Good
ii	Roads Maintained Under Routine Maintenance Program (PRM) Program	Km	6	1,174.37	1,160.00	0.46	2.991	0.179	V. Good
iii	Roads Maintained under Performance Based Routine Maintenance (PRM) Program	Km	5	1,276.56	1,356.00	6.27	2.875	0.144	V. Good
<b>C3</b>	<b>Engineering Services</b>								
i	Roads Designed	Km	3	235.00	348.70	47.53	2.049	0.061	Excellent
ii	Streets Intelligent Transportation System (ITS)	%	2	100.00	100.00	0.00	3.000	0.060	V. Good
iii	Road Reserves Identified and Preserved	Km	2	105.50	102.70	-2.65	1.347	0.027	Excellent
iv	Jobs Created under Roads 2000 Strategy	No	2	9,990.00	35.14	-2,827	0.046	Excellent	
v	Axle Load Compliance Monitored and Enforced	No	2	10.00	13.00	30.00	2.400	0.048	Excellent
vi	Environmental and Social Impact Assessment (ESIA) Study	No	2	24.00	48.00	100.00	1.000	0.020	Excellent
vii	Traffic Surveys	No	1	18.00	29.00	61.11	1.778	0.018	Excellent
viii	Other Road Safety Initiatives Improved	%	2	100.00	100.00	0.00	3.000	0.060	V. Good
ix	Road Marking	Km	2	428.49	430.00	0.35	2.893	0.060	V. Good
x	Science, Technology and Innovation Mainstreaming	%	2	100.00	100.00	0.00	3.000	0.060	V. Good
xi	Quality Assurance	No	2	20.00	21.00	5.00	2.900	0.058	V. Good
xii	Monitoring and Evaluation	No	1	10.00	20.00	100.00	1.000	0.010	Excellent
xiii	Project Risk Assessment	No	3	20.00	25.00	25.00	2.500	0.025	V. Good
xiv	Productivity Mainstreaming	%	3	100.00	100.00	0.00	3.000	0.090	V. Good
xv	Strategic Plan Developped	%	3	100.00	100.00	0.00	3.000	0.090	V. Good
xvi	Branding of Road Bridges	No	1	8.00	12.00	50.00	2.000	0.020	Excellent
xvii	Project Completion Rate	%	2	100.00	100.00	0.00	3.000	0.060	V. Good
	<b>Weight Sub-Total</b>		<b>618</b>						
<b>D</b>	<b>Implementation of Presidential directives</b>								
i	Implementation of Presidential directives	%	2	100.00	100.00	0.00	3.000	0.060	V. Good
<b>E</b>	<b>AFFIRMATIVE ACTION IN PROCUREMENT</b>								
i	Access to Government Procurement Opportunities (AGPO)	Kahs	2	3,798,541,371.64	8,778,979,000.16	131.10	1.000	0.020	Excellent
ii	Promotion of Local Content in Procurement	Kahs	2	5,064,722,628.85	15,705,813,337.17	210.06	1.000	0.020	Excellent
	<b>Weight Sub-Total</b>		<b>6</b>						
<b>F</b>	<b>Cross Cutting Issues</b>								
F1	Asset Management	%	0.5	100.00	100.00	0.00	3.000	0.015	V. Good
F2	Youth Internships/Industrial Attachments/ Apprenticeship	No	1	250.00	336.00	34.40	2.312	0.023	Excellent
F3	Competency Development	%	1	100.00	100.00	0.00	3.000	0.030	V. Good
F4	National Values and Principles of Governance	%	1	100.00	100.00	0.00	3.000	0.030	V. Good
F5	Road Safety Mainstreaming	%	0.5	100.00	100.00	0.00	3.000	0.015	V. Good
	<b>Weight Sub-Total</b>		<b>4</b>						
	<b>Total</b>		<b>100</b>				<b>2.646</b>	<b>0.060</b>	<b>V. Good</b>

## CORPORATE GOVERNANCE STATEMENT

The Board has put in place adequate measures to ensure that the Tenets of Corporate Governance continue to guide its role of overseeing the Authority operations.

To realize value and positive impact of Government and Stakeholders investment in urban road development and management, the Board continues to ensure that its Decisions are anchored in the legal provisions, Mwongozo: The code of Governance for State Corporations and advisories from the State Corporations Advisory Council (SCAC) and other regulators.

### Organization Structure

The Authority is managed by a Board of Directors under the leadership of a non-Executive Chairman and Eight other Board members. The Director General is an ex-officio member of the Board. The Authority structure provides for Six Directorates and two stand-alone departments all reporting to the Director General as depicted below.

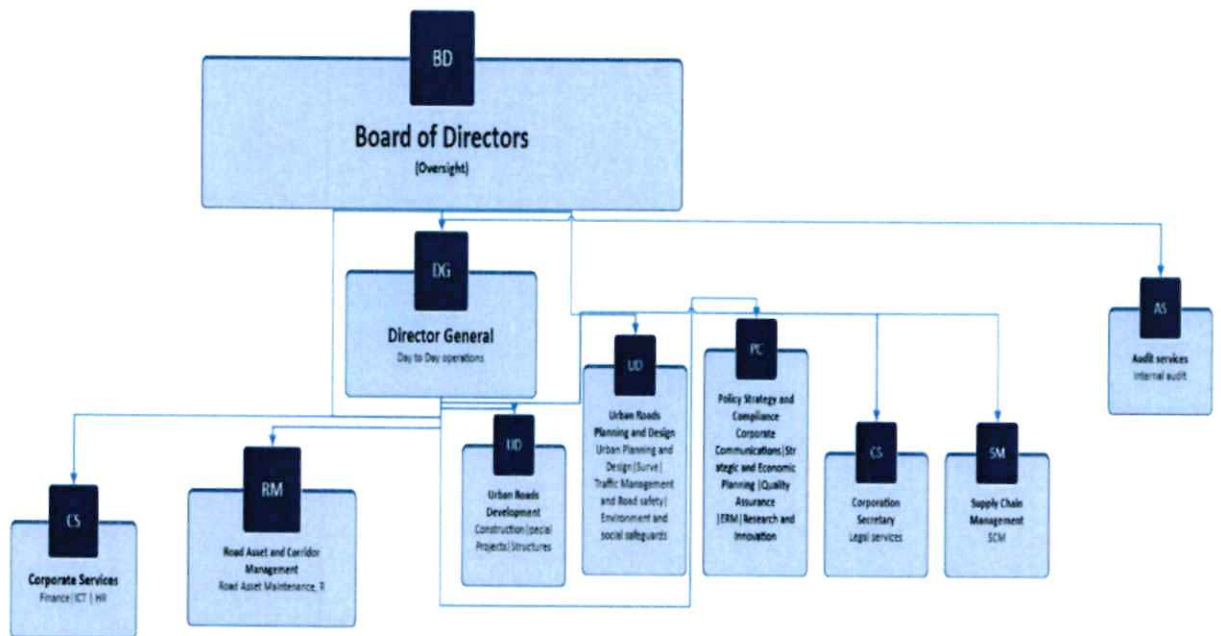


Figure 2: KURA Organisation structure

#### a) The Board of Directors

The Board of Directors takes cognizance of the need to embrace high levels of Corporate Governance in the delivery of the Authorities mandate. This is reflected in

our values, organizational culture, policies and procedures and the proactive public disclosure manifested in our Annual and Financial statements over the years.

During the period under review the Board comprised of a team of competent and experienced members who exercised objective and independent judgment in the attainment of the Authority's Strategic objectives. The Board continues to discharge its oversight role with specific focus on stakeholder needs, expectations and the Authority's strategic intent.

#### **b) Board Charter**

The Board Charter outlines the governance parameters within which the board exists and operates, It sets out specific responsibilities of the board, its committees and directors collectively, as well as roles and responsibilities incumbent upon the Board Members and the delegation of authority to Management as outlined in *Mwongozo*. The Charter provides for the following among others: -

- i) Board size composition and term limits
- ii) Establishment of Board Committees
- iii) The Responsibilities of the Board
- iv) The Code of Conduct the Board of Directors are expected to comply with
- v) The relationship between the Board and Management
- vi) Attendance, scheduling and proceedings at Meetings
- vii) Delegated authority to Management
- viii) Board performance appraisal through annual Board Evaluation
- ix) Board and Management succession

#### **c) Appointment, Composition and Size**

The Board of Directors were appointed in line with *Mwongozo* and consists of 8 (Eight) members including the Director General.

#### **d) Board Committees & Work plan**

To effectively execute its oversight role, the Board has established Four (4) standing committees with specific delegated mandates. The Board Committees operate from clearly articulated terms of reference as approved by the Board of Directors. The Board consist of 4 (Four) Strategic Committees discharging the oversight role as enumerated below;

- i) Audit, Compliance Committee
- ii) Human Resource Committee

- iii) Finance & Strategy Committee
- iv) Technical Committee

**Table 5: Board committees mandate, composition and meetings during the year**

<b>Mandate</b>	<b>Composition</b>	<b>No. of Meetings</b>
<b>Board Human Resource Committee Meeting</b>		
This Committee is responsible for offering advice and guidance to Management and the Board on development of effective and appropriate Human Resource Policies and adoption of best practices for efficient strategies in human resource management. The Committee examines, reviews and recommends for approval by Board the Authority's staff establishment, appointment, termination of staff and any disciplinary action as delegated.	Ms. Joyce Mundara Mr. Joseph Muganda Mr. Bassil Nyagah Planner Joyce Kariuki Eng. Silas Kinoti	3
<b>Board Finance &amp; Strategy Committee</b>		
This Committee is mandated to consider and make recommendations to the Board regarding issues affecting financial and strategic direction of the Authority. This includes resource mobilization for new projects, investment of surplus funds and financial management procedures	Mr. Joe Muganda Eng. James Kung'u Mr. Joseph Kiarri Mr. Fred Mwei Ms. Joyce Mundara Eng. Silas Kinoti	6
<b>Board Audit &amp; Compliance Committee</b>		
This is an advisory Committee of the Board providing independent oversight so as to ensure integrity of financial statements. It reviews the effectiveness of the system of internal controls and management of financial and other risks. The Committee ensures Compliance with relevant laws and oversees Risk Management through relevant Plan and receipt of status Reports	Mr. Basil Nyagah Planner Joyce Kariuki Mr. Joseph Kiarri Eng. James Kungu Eng. Silas Kinoti	3
<b>Board Technical Committee</b>		
The Technical Committee is mandated to consider and make recommendations to the Board regarding policy issues affecting technical operations of the Authority including: - <ul style="list-style-type: none"> <li>i) Quality Assurance</li> <li>ii) Technical Standards</li> <li>iii) Environment, Health &amp; Safety Standards on projects</li> <li>iv) Contract Management Standards</li> </ul>	Eng. Charles Chiuri Eng. James Kung'u Planner Joyce Kariuki Mr. Basil Ntwiga Mr. Alfonso Munyali Eng. Silas Kinoti	4

**i. Board Work Plan and Meetings**

The Board work plan and calendar of meetings are annually prepared in advance. Adequate notice is given for each Board meeting and Directors receive detailed papers on issues to be discussed in good time before the meeting. A total of 7 Full

Board meetings and Nineteen Committee Meetings were held during the year. The attendance is tabulated below.

Table 6: Board attendance

S/NO	Name	Nominating Institution	13th July 2023	28th September 2022	13th October 2023	12th January 2024	30th January 2024	9 th April 2024	25 <sup>th</sup> June,2023	
1.	Eng. Charles Chiuri	Institution of Engineers of Kenya	✓	✓	✓	✓	✓	✓	✓	
2	Eng. James Kung'u	State Department of Roads	✗	✗	✓	✓	Not In the board at the time			
3	Eng. Luka Kimeli		Not In the board at the time				✓	✓	✓	
4	Mr. Bassil Nyagah	Matatu Welfare Association	✓	✓	✓	✓	✓	✓	✓	
5	Planner Joyce Kariuki	Kenya Institute of Planners	✓	✓	✓	✗	Not In the board at the time			
6	Joyce N. Mundara	Association of County Governments	✓	✓	✓	✓	✓	✓	✓	
7	Mr. Joseph Kiarii	The National Treasury	✗	✗	✓	✓	✗	✓	✓	
8	Mr. Joe Muganda	Kenya Association of manufacturers	✓	✓	✓	✓	✓	✗	✓	
9	Abraham Samoei	State Department of devolution	Not In the board at the time				✓	✓	✗	✓
10	Mr. Fredrick Mwei		✓	✓	✗	✓	✓	✓	✗	
11	Eng. Silas Kinoti, MBS	Secretary to the Board	✓	✓	✓	✓	✓	✓	✓	

Key:	✓	Present
	✗	Absent with apology
	Not In the board at the time	

### Board Evaluation

During the year, the Board undertook a rigorous performance evaluation conducted by the State Corporations Advisory Committee (SCAC) as required by the Mwongozo Code of Governance of State Corporations. The outcome of this evaluation is used to create remedial development and capacity building programs for the Board.

The issues of the effectiveness of the whole board, individual director assessment and the performance of the Director General was addressed in the evaluation.

### e) Directors' Remuneration

Details of Directors' remuneration are set out in the report in note 12 of the Financial Year under review. Directors are paid sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable, all-in line with the ceilings approved for

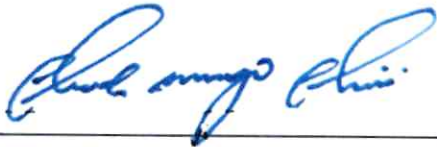
state corporations by the Government. There were no Directors' loans at any time during the year.

**f) Internal Controls**

The Directors acknowledge their responsibility for the Authority's system of internal financial control, including ensuring that the systems are being maintained. Customized Internal control systems are in place including the implementation of an Enterprise Risk Management System to provide effective internal financial control.

**g) Ethical Standards**

A code of conduct is in place to regulate conduct of business and prescribe acceptable behaviour in line with the National Values, organization culture and our Core values. The Authority also has an annual Integrity program that ascribes to standards prescribed by the Public Officer Ethics Act as well as Leadership and Integrity Act as outlined in Chapter six of the Constitution. These require all employees to conduct business with integrity.



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Eng. Charles M. Chiuri (PE, FIEK)  
**CHAIRMAN OF THE BOARD**

**MANAGEMENT DISCUSSION AND ANALYSIS**

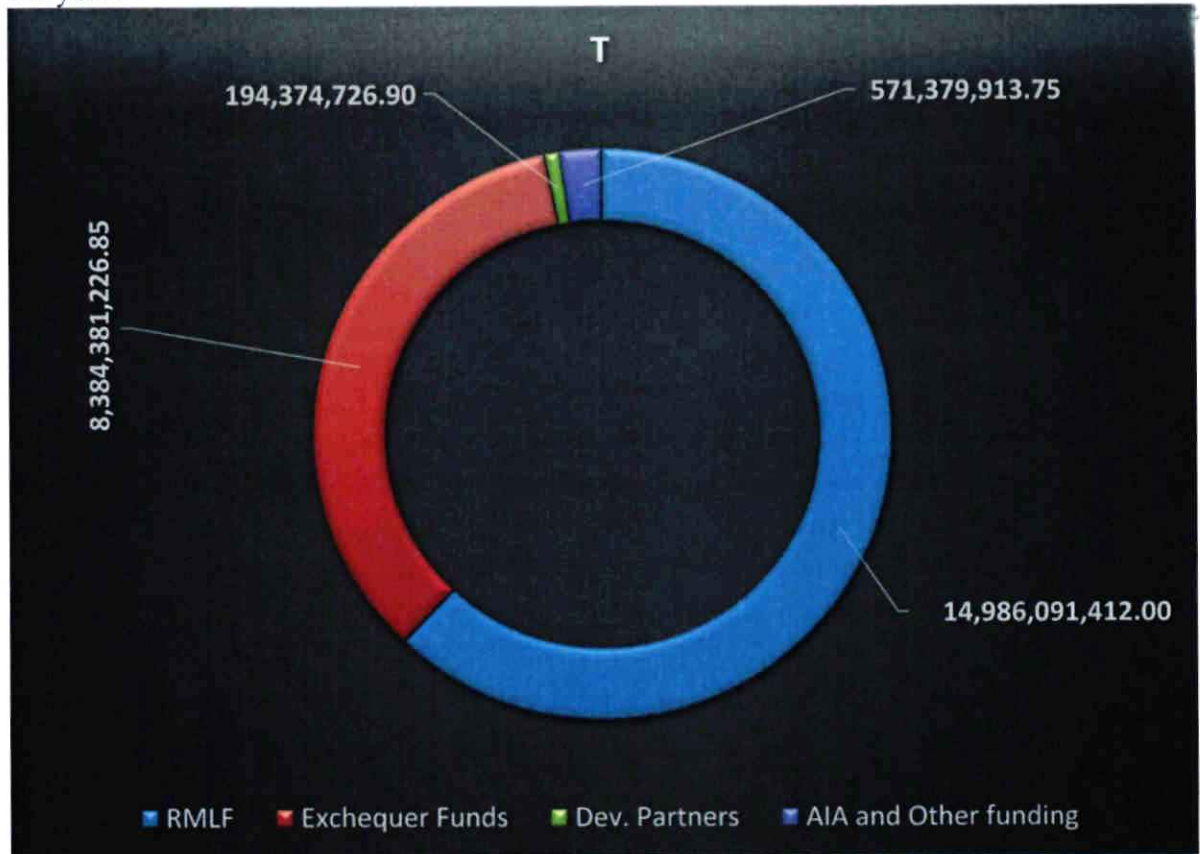
This section provides the users of these financial statements with a narrative overview and analysis of the financial activities of the Authority for the financial year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in Director General’s report on pages 17-21

**1.7 Financial Highlights**

The financial highlights for the financial year ended 30<sup>th</sup> June 2024 is presented below.

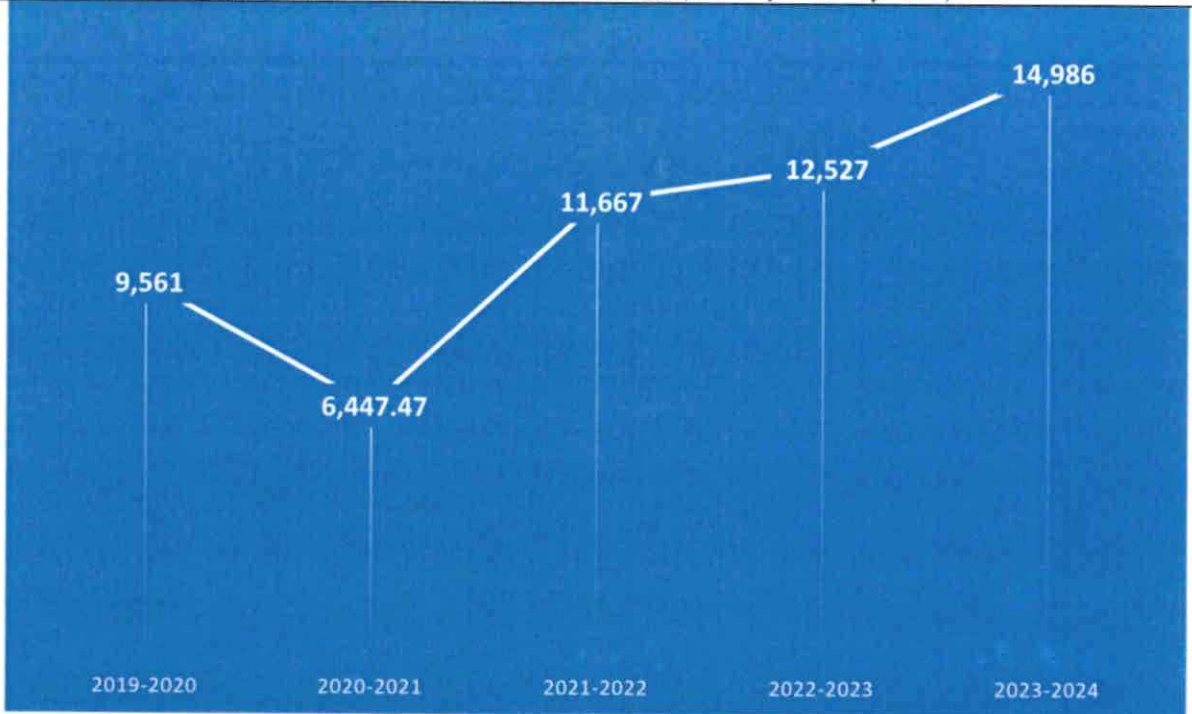
**1.7.1 Funding**

The funding level remained the same as the previous financial year. Total funding during the year amounted to Ksh. 25.1 billion comprising of Road maintenance Levy, exchequer funds, development partners’ grants and Appropriation In Aid (AIA). There was 17% increase in the road Maintenance Levy fun. While the exchequer funds reduced by 41% the year.



**Figure 3: Current year funding**

Over the last five years, there has been considerable increase in the various funding sources with as indicated in the figure below.



### 1.7.2 Expenditure

Investment in the urban roads network comprises of two components: development and maintenance. Over the last five years, the Authority has made investment in the urban roads' infrastructure amounting to **Ksh. 95 Billion**. This includes both capital and maintenance.

**Development expenditure** relates to the capital investment in the infrastructure involving construction of new roads and upgrading existing roads to bitumen standards. The resulting Infrastructure assets comprising of roads, bridges as well as non-motorised facilities form part of the Authority's noncurrent assets presented in the statement of financial position. Over the years, there has been progressive increase in the value of infrastructure assets owned by the Authority owing to the continued investment by the government. As at 30<sup>th</sup> June, infrastructure assets balance stood at **Ksh. 2.3 billion** representing the cumulative capital investment the government has made over the years.



The main purpose of **maintenance** program is to safeguard the capital investment made in the infrastructure assets through routine maintenance and periodic maintenance works. **Routine road maintenance** works are usually non-structural in nature and are meant to extend the life of the pavement, to enhance the performance and to reduce user delays in road use.

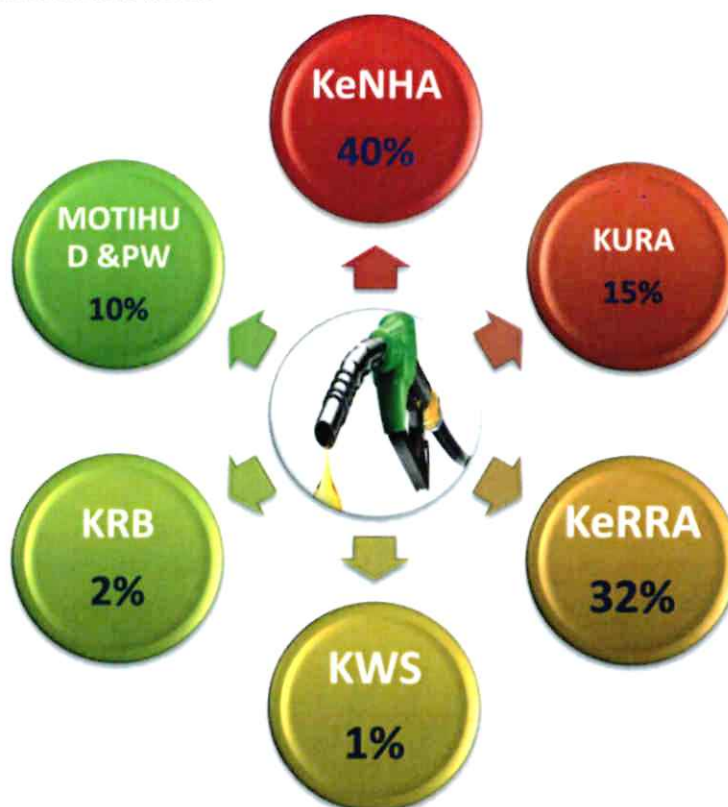
**Periodic maintenance** on the other hand involves maintenance works that are carried out in intervals of years, that are of large-scale, and that are aimed at preserving the structural integrity of the road. This mainly involves activities aimed at rejuvenating the road surface and carrying out repairs over long stretches of road.



### 1.8 Overview of the financial statements

The financial statements comprise of statements of financial performance, statement of financial position, statement of changes to net assets, statement of cash flow, statement of comparison of budget and actual amounts, accounting policies and notes.

**Statement of financial performance** shows the Authority’s performance during the year indicating the revenue received as well as the expenditure incurred. The main source of revenue is RMLF Grants received from Kenya Roads Board in accordance to the Kenya Roads Board Act 1999. This is recurrent in nature and is utilised to maintenance of existing urban road network. Kenya Urban Roads Authority receives approximately 10.2% of the total RMLF collections during the year with the balance allocated to various other agencies as shown in



**Figure 4: RMLF allocations**

The expenditure comprises of two components, the road works expenditure, and administrative overheads. Ceilings for both expenditures are provided by the Kenya Roads Board on annually basis. The road works expenditure is incurred based on an approved work plan included in the Authority’s annual budget.

**Surplus** for the year represents unutilized funds at the end of the accounting period and is carried forward through the statement of changes in net assets for future utilization by the Authority on the specific contracts. The funds relate to unexecuted works for contracts in progress at year-end for which the funds are already committed. The funds are therefore ring-

fenced by the contract provisions and are not available for any other purpose except for meeting the contract obligations already entered by the Authority.

Statement of financial position presents the net assets position of the Authority as at 30<sup>th</sup> June 2024. The net assets for the Authority at the end of the financial year amounted to KSh. **153.7 billion**

### **1.8.1 Performance & Utilization of Funds**

The Authority has continuously been committed to ensuring that the funds received from the government as well as development partners have been applied for the purpose for which it was intended and that the use of such resources is efficient and transparent, in accordance with the principles, procedures and requirements of the authority and sound professional practice with a focus on the value for money.

The authority reported a considerable rate for Funds absorption during the year. The budget absorption both for development and recurrent was absorbed fully.

## **ENVIRONMENTAL AND SUSTAINABILITY REPORT**

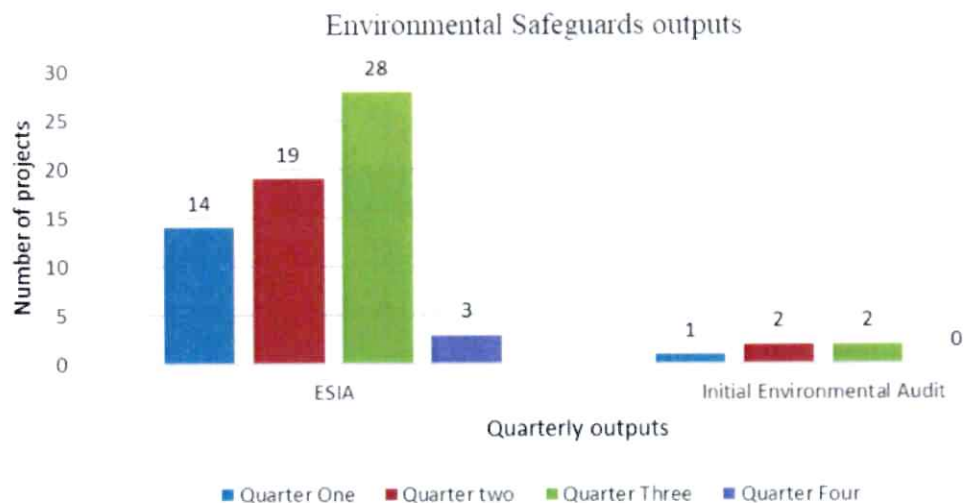
### **Introduction**

The Authority has established Policies, Procedures and Practices for the realization of sustainable urban road infrastructure towards transforming urban mobility. The Triple Bottom-line principles for sustainability encompassing social, economic and environmental protection considerations formed the framework for sustainability reporting.

During the period under review, The Authority continued to pursue her mandate while paying attention to sustainability principles including environmental protection, social inclusion and economic benefits. Environmental safeguards were enhanced through conducting Environmental and Social Impact Assessment as well as Environmental Audits. In order to enhance climate resilience and sustainable urban mobility, we implemented climate change mitigation and adaptation measures on urban roads. The Authority implemented Social Safeguards through measures such as Resettlement Action Plans as well as Social Impact Assessment of her projects to enhance social inclusion, equity and acceptability. The implementation of various projects provided employment opportunities to contractors, the local community residents and KURA staff, which leads to positive economic effect. A detailed outline of sustainability measures and interventions implemented by The Authority during the period under review is presented hereunder.

### **1.1. Environmental Safeguards**

The Authority conducted Sixty-Four (64) Environmental and Social Impact Assessment of road infrastructure projects prior to implementation. Subsequently, mitigation measures were developed to address risks of biodiversity loss, degradation of soils and hydrology, pollution from hazardous materials as well as climate change effects and occupational safety and health exposures. Environmental and Social Management and Monitoring Plans were developed to address such risks as per the requirements under the Environmental Management and Coordination Act, Cap 387 and Regulations. The Authority conducted Five (5) Environmental Audits for projects under operation so as to determine their actual impacts on the environment. The areas identified for improvement towards environmental sustainability include; improving drainage systems, better solid waste management, growing trees and vegetation as well as road safety interventions were recommended for integration in road maintenance works.



**Figure 5: Environmental Safeguard measures during FY 2023-24**

### 1.2. Climate Change Response Measures

Road infrastructure exposure to Climate change risks and vulnerability necessitates deliberate and innovative measures towards climate resilient, smart, green and sustainable urban mobility. The Authority has established adaptive capacity through climate responsive strategic plan, policies, programs and activities so as to mitigate and adapt to such impacts. The Authority in partnership and collaboration with The UN Environment, UN Habitat and World Resources Institute is developing The KURA Strategy on Climate Resilient, Smart, Green and Sustainable Urban Mobility. The strategy aims to support the transformation of urban mobility through enhancing adaptation, mitigation, e-mobility, artificial intelligence and institutional capacity in response to climate change risks.

The urban road infrastructure exposure to high rainfall intensity coupled with inadequate physical planning as well as encroachment on the riparian and road reserve contributes to the risks of flooding and subsequent loss and damage. To enhance resilient urban mobility infrastructure, the Authority has constructed robust interventions such as bridges, culverts, retaining walls, gabions, river crossings among other engineered structures. The Authority has as well implemented bio-engineered measures such as tree growing with stakeholders, landscaping and beautification among others. The Authority in collaboration with Kenya Forest Service, various Learning Institutions, The Private Sector and Resident Associations planted up to 48,494 tree seedlings in various parts of the Country. Trees and vegetation play a key role in

sequestering carbon from the environment and therefore ameliorating the impacts of Green House Gases.

The use of fossil fuels in the road transport sector coupled with traffic congestion significantly contributes to the generation and emission of greenhouse gasses. To mitigate the impacts of greenhouse gas emissions, the Authority has constructed active mobility infrastructure including pedestrian walkways, cycle lanes and pedestrian bridges. Further to this, the Authority is implementing Intelligent Transport Systems and the Bus Rapid Transit Line 5 that will significantly offset greenhouse gas emissions from small capacity engine vehicles in the private and public transport space within Nairobi City.

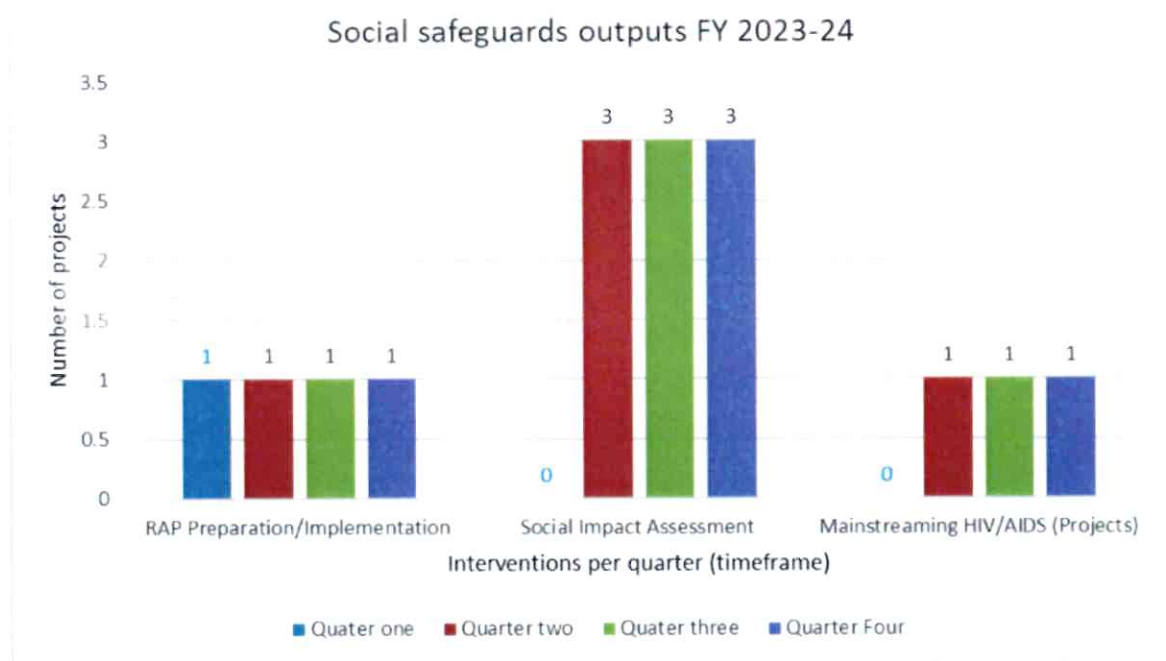
**Table 7: KURA Climate Change Response Measures**

Measure	Unit	Output	Classification
Construction and use of Box culverts	Number of box culverts	6	Adaptation
Construction and use of Walkways	Kms of roads	110.3	Mitigation
Construction of Footbridges	Number of pedestrian footbridges	12	Mitigation
Construction and implementation of ITS infrastructure	Number of signalized Junctions	25	Mitigation
Design, construction and operationalization of BRT Line 5	Kms of roads	13.5	Mitigation
Tree planting and growing	Number of seedlings	48,494	Mitigation/Adaptation
Development and implementation of Climate Resilient and Mitigation Strategy	Developed and implemented Strategy	Scale/Extent of implementation	Enabler

### 1.3. Social Safeguards

During the period under review, The Authority implemented several social safeguards for purposes of enhancing equity and acceptability of urban road infrastructure projects. Four (4) Resettlement Action Plans (RAPs) were implemented to protect the livelihoods of communities while mainstreaming of HIV/AIDS preventive measures was done to

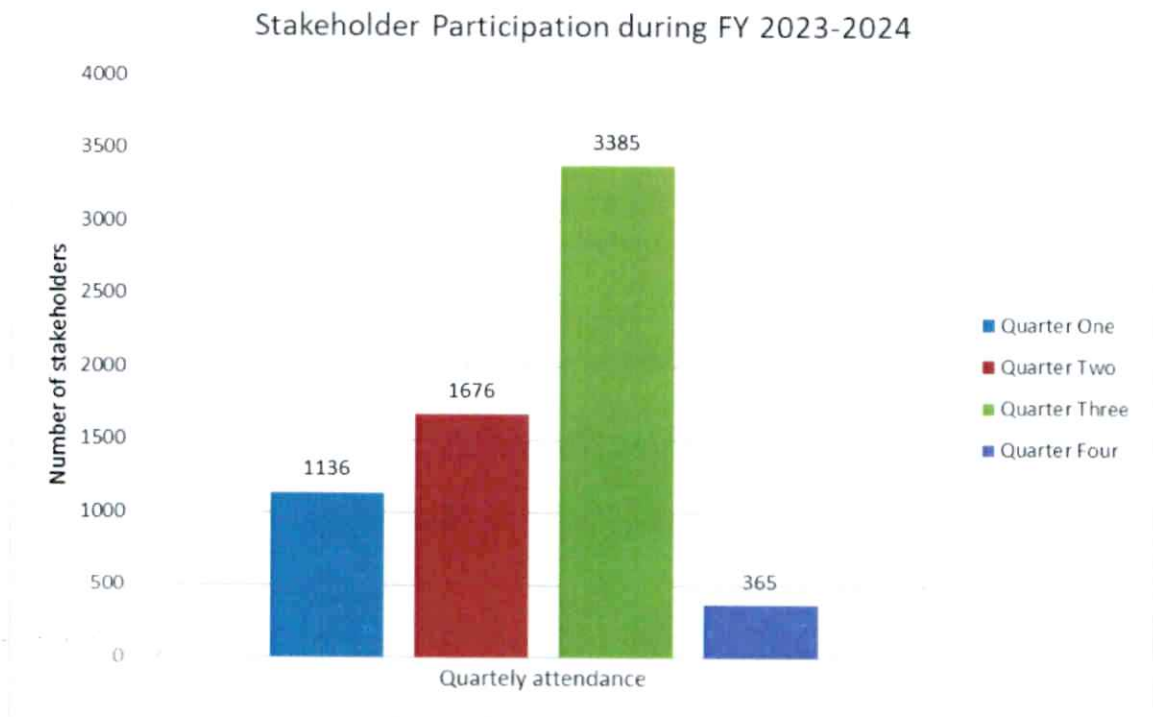
protect the health of project workers and the surrounding communities. The Authority carried out nine (9) social impact assessments of road projects to determine the relevance and benefits obtained from the projects by stakeholders. An equal number of social impact studies for post-construction phase of road infrastructure projects was conducted in each quarter as presented in the figure below. The assessments revealed that Project roads enhanced accessibility, mobility and safety as well as provided job opportunities to the neighboring communities.



**Figure 6: Social Safeguards Outputs in the FY 2023-24**

#### 1.4. Stakeholder Participation

The Authority pays great attention to the need for stakeholder engagement and participation in the planning and implementation of road infrastructure programs. This enhances project acceptability and sustainability. The Authority conducted meetings with contractors prior to commencement of road maintenance works where several contractors were in attendance. Further to this, seventy-seven (77) consultative meetings with project stakeholders were held with local residents, political leaders, government officials, civil society and motorists revealed that project roads were welcome since the expected benefits outweigh the adverse effects. These meetings were held with stakeholders during the Financial Year as presented in the figure below.



**Figure 7: Stakeholder Engagement and Participation meetings during FY 2023-24**

**1.5. Employment and Job creation**

During the reporting period, at least 7,282 jobs were created and offered to residents during the construction and maintenance of roads, ensuring payment of fair wages and safe working conditions to maintain the dignity of the workers. The Authority as well offered 309No. and 27No. attachment and internship opportunities respectively.

**1.6. Access to Government Procurement Opportunities**

In order to enhance access to government procurement opportunities, there was an Allocation of 30% of procurement budget totaling Kshs. 8,778,579,006.16 worth of tenders to youth, women and PWDs. This would in turn uplift their standard of living and uphold their dignity.

**1.7. Corporate Social Responsibility**

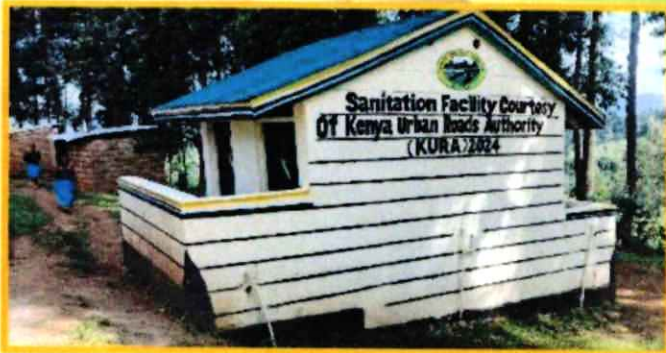
During the period under review the Authority implemented five CSR programs in five different Counties. The Five interventions intended to address disadvantaged Communities in the five Counties including; Construction of a classroom at Hudhile Primary School in Wajir County; Construction of a biodigester& soak pit at Tunyai Children Center in Tharaka Nidhi County; Construction of a washroom in Nyagesa

Primary School in Kisii County; Construction of a classroom at Kaptelo Girls Secondary School in Bungoma County; and Construction of a classroom at Chepsigot Special School in Elgeyo Marakwet. Further to this the Authority sponsored thirty members of staff to participate in the Mater Heart Run a social cause seeking to raise funds to support needy cases requiring heart surgeries. During the period under review, the Authority also implemented a mentorship program for girls in Kaptelo Girls Secondary and Othaya Girls during which sanitary towels were distributed to the girls.



Eng. Silas M. Kinoti, MBS  
DIRECTOR GENERAL

## CSR PROJECTS IMPLEMENTED IN FY 2023/2024



**Provision of Sanitation Amenities & Construction of a Biodigester in Nyagesa Primary School in Kisii County**



**Construction of a classroom & Administrative Office at Kaptelo Girls in Bungoma County**



**Construction of a classroom at Chepsigot Special School in Elgeyo Marakwet**



**Construction of a Bio-Digester & Soak pit at Tunyai Children Center in Tharaka Nithi County**



**Construction of a classroom at Hudhile Primary School in Wajir County**



**The Authority also participated in the Mater Heart Run to raise funds an annual initiative that raises awareness and donations to support children with heart conditions from families that cannot afford the cost of cardiac surgery.**

## **REPORT OF THE DIRECTORS**

The directors submit their report together with the audited financial statements for the year ended 30th June 2024, in accordance with the provisions of section of the 38 of Kenya Roads Act 2007 which disclose the state of affairs of the Authority.

### **Principal activities**

The Authority is responsible for the management, development, rehabilitation, and maintenance of all public roads in the cities and municipalities in Kenya except where those roads are national roads.

### **Results**

The results for the Authority for the financial year ended 30 June 2024 are set out on page 1.

### **Directors**

The directors who held office during the year and to the date of this report are set out on page ix-xiii.

### **Auditors**

The Auditor General is responsible for the statutory audit of the Authority's books of account in accordance with the provisions of Article 229 of the Constitution of Kenya, Kenya Roads Act 2007 and the Public Audit Act, 2015

By Order of the Board



**Eng. Silas M. Kinoti, MBS**  
**DIRECTOR GENERAL**

30<sup>th</sup> September 2024

## 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 the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. 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.

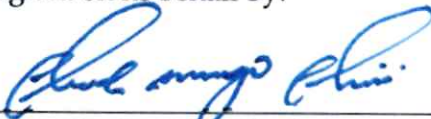
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (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, 2024, and of the Authority's financial position as at that date. The Directors further confirm 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.

### Approval of the financial statements

The Authority's financial statements were approved by the Board on [30<sup>th</sup> September 2024](#) and signed on its behalf by:



Eng. Charles M. Chiuri  
Chairman



Silas M. Kinoti, MBS  
Director General

## **REPORT OF THE DIRECTORS**

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By Order of the Board

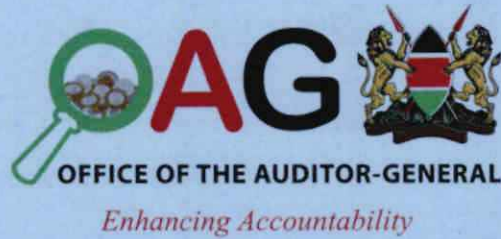


**Eng. Silas M. Kinoti, MBS**  
**DIRECTOR GENERAL**

30<sup>th</sup> September 2024

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON ROADS MAINTENANCE LEVY FUND FOR THE YEAR ENDED 30 JUNE, 2024 - KENYA URBAN ROADS AUTHORITY**

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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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unqualified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Roads Maintenance Levy Fund set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in

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*Report of the Auditor-General on Roads Maintenance Levy Fund for the year ended 30 June, 2024 - Kenya Urban Roads Authority*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Roads Maintenance Levy Fund as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. However, the issues remain unresolved as the matter has not been discussed by the relevant Parliamentary Committee.

### **Other Information**

The Management is responsible for the other information set out on page v to xlv which comprise of Key Authority's Information and Management, Board of Directors, Management Team, Chairman's Statement, Report of the Director General, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit

or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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**

#### **Delayed Projects Implementation**

During the year under review, the Fund had planned to implement various roads projects that were in the approved Annual Public Roads Programme (APRP). However, review of the road projects progress reports revealed that five (5) projects with a total contract sum of Kshs. 137,918,451 were at different stages of completion and the execution period had expired.

Delayed completion of projects may have denied service delivery to the public.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of the Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

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

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

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

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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



**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**


**Nairobi**


**27 December, 2024**

**STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2024**

		2023-2024 Kshs	2022-2023 Kshs
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	6,049,332,514	8,924,787,284
Receivables from exchange transactions	15	163,477,535	168,887,962
Receivables from non-exchange transactions	15	4,874,029,870	5,766,630
Inventories	16	8,479,172	7,211,242
<b>Total Current assets</b>		<b>11,095,319,090</b>	<b>9,106,653,119</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	313,458,022	333,558,778
Infrastructure assets	18	2,389,465,490	2,389,465,490
Intangible assets	19	20,264,602	11,243,524
<b>Total non-current assets</b>		<b>2,723,188,114</b>	<b>2,734,267,793</b>
<b>Total Assets</b>		<b>13,818,507,204</b>	<b>11,840,920,912</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	20	1,201,289,922	176,158,202
Payables from Non exchange transactions	20	245,919,659	67,425,882
Employee Benefits Obligations	20	92,587,985	64,262,851
Current tax	21	64,007,824	-
<b>Total current liabilities</b>		<b>1,603,805,389</b>	<b>307,846,936</b>
<b>Non-current liabilities</b>			
Payables from exchange transactions	20	398,012,083	379,565,675
<b>Total liabilities</b>		<b>2,001,817,473</b>	<b>687,412,610</b>
<b>Net assets</b>		<b>11,816,689,732</b>	<b>11,153,508,302</b>
<b>REPRESENTED BY:</b>			
Revaluation Reserve	22	32,239	64,479
Accumulated surplus	22	8,967,028,111	8,303,814,441
Staff Mortgage Fund	22	529,629,382	529,629,382
Road assets reserve fund	22	2,320,000,000	2,320,000,000
<b>Total Nets Assets</b>		<b>11,816,689,732</b>	<b>11,153,508,302</b>

The significant accounting policies and the notes on pages 6 to 35 form an integral part of these financial statements. The financial statements on pages 1 to 35 were approved by the board of directors on [30<sup>th</sup> September 2024](#) and were signed on its behalf by:

  
 Eng. Silas M. Kinoti, MBS  
 Director General

  
 CPA Reuben Mayienda  
 Director corporate services  
 ICPAK Member No:4941

  
 Eng. Charles M. Chiuri  
 Chairman

**STATEMENT OF CHANGES IN NET ASSETS**

	<b>Accumulated Surplus Kshs</b>	<b>Revaluation Reserve Kshs</b>	<b>Staff Mortgage Fund Kshs</b>	<b>Road Assets reserve Fund Kshs</b>	<b>Total Kshs</b>
<b>As at 1st July 2022</b>	7,385,837,605	96,718	511,247,512	2,320,000,000	10,217,181,836
<b>Prior Year adjustment</b>	555,720,279	-	-	-	555,720,279
Surplus for the year	362,224,317	-	-	-	362,224,317
Interest Earned	-	-	18,381,870	-	18,381,870
Transfer of excess depreciation on revaluation	32,239	(32,239)	-	-	-
<b>As at 30th June 2023</b>	<b>8,303,814,441</b>	<b>64,479</b>	<b>529,629,382</b>	<b>2,320,000,000</b>	<b>11,153,508,302</b>
<b>As at 1st July 2023</b>	8,303,814,441	64,479	529,629,382	2,320,000,000	11,153,508,302
Surplus for the year	663,181,431	-	-	-	663,181,431
Interest Earned	-	-	-	-	-
Transfer of excess depreciation on revaluation	32,239	(32,239)	-	-	-
<b>As at 30th June 2024</b>	<b>8,967,028,111</b>	<b>32,239</b>	<b>529,629,382</b>	<b>2,320,000,000</b>	<b>11,816,689,732</b>

**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2023-2024 Kshs	2022-2023 Kshs
<b>Cashflow from/(used in) operating activities</b>	27	<u>(2,794,638,594)</u>	<u>4,516,097,868</u>
<b>Cash flows from investing activities</b>			
Purchases of Property Plant and equipment	21	(99,262,584)	(100,844,967.96)
Proceeds from disposal of PPE		-	15,646,000.00
Infrastructure Assets	22	<u>(0)</u>	<u>(535,283,270)</u>
<i>Net cash used in investing activities</i>		<u>(99,262,585)</u>	<u>(620,482,238)</u>
<b>Cash flows from Financing activities</b>			
Movement in retention funds		18,446,408	-
Interest received on staff mortgage fund		-	18,381,870
Prior year adjustment in accumulated surplus	6	<u>-</u>	<u>555,720,279</u>
<i>Net cash used from financing activities</i>		<u>18,446,408</u>	<u>574,102,149</u>
Net increase in cash and cash equivalents		(2,875,454,770)	4,469,717,779
Cash and cash equivalents at start of year	18	<u>8,924,787,285</u>	<u>4,455,069,506</u>
Cash and cash equivalents at end of year	18	<u>6,049,332,514</u>	<u>8,924,787,285</u>

The significant accounting policies and the notes on pages 6 to 35 form an integral part of these financial statements. The financial statements on pages 1 to 35 were approved by the board of directors on [30<sup>th</sup> September 2024](#) and were signed on its behalf by:



Eng. Silas M. Kinoti, MBS  
Director General



CPA Reuben Mayienda  
Director corporate services  
ICPAK Member No:4941



Eng. Charles M. Chiuri  
Chairman

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT****FOR THE YEAR ENDED 30 JUNE 2024**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance Rate</b>
	<b>2023-2024</b>	<b>2023-2024</b>	<b>2023-2024</b>	<b>2023-2024</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>REVENUE</b>					
RMLF Funds	11,470,969,600		11,470,969,600	14,986,091,412	131%
AIA -Interests and other incomes	145,000,000	440,000,000	585,000,000	544,770,060	93%
Other grants	-	30,000,000	30,000,000	50,000,000	
<b>Total income</b>	<b>11,615,969,600</b>	<b>440,000,000</b>	<b>12,055,969,600</b>	<b>15,580,861,472</b>	<b>129%</b>
<b>EXPENDITURE</b>					
Property plant and Equipment	78,960,000	-	78,960,000	99,262,584	126%
Operations Expense	2,092,690,000		2,092,690,000	1,898,172,440	
Road Rehabilitation & Maintenance Cost	9,397,319,600	-	9,397,319,600	12,858,403,270	137%
Taxation	45,000,000		45,000,000	161,104,330	
<b>Total expenditure</b>	<b>11,613,969,600</b>	<b>-</b>	<b>11,568,969,600</b>	<b>15,016,942,625</b>	<b>130%</b>
<b>Surplus for the year</b>	<b>2,000,000</b>	<b>440,000,000</b>	<b>487,000,000</b>	<b>563,918,847</b>	<b>-</b>
<b>RECONCILIATION</b>					
<b>Surplus as per statement of budget and actual amounts</b>				<b>563,918,847</b>	
Add:Purchase of Assets				<b>99,262,584</b>	
<b>Surplus as per statement of financial performance</b>				<b>663,181,431</b>	

The significant accounting policies on pages 6 to 35 and the notes on pages 6 to 35 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

Kenya Urban Roads Authority (KURA) is a State Corporation established under the Kenya Roads Act 2007. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activities of the Authority remain that of management, development, rehabilitation, and maintenance of all public roads in the cities and municipalities in Kenya except where those roads are 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, and financial instruments at fair value, impaired assets at their estimated recoverable amounts.

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

The Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standards Board (IPSASB), the Public Financial Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Act 2007. The accounting policies adopted have been consistently applied to all the years presented.

### 3. Adoption of new and revised Standards

Several new and revised standards and interpretations were effective during the year. The directors have evaluated the impact of the new standards and interpretations and none of them had an impact on the Authority's financial statements.

i) **New and amended standards and interpretations in issue effective in the year ended 30 June 2024.**

Key Requirements	Effective Date	Impact to the Authority
<b>IPSAS 41: Financial Instruments</b>		
<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. 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>	1 <sup>st</sup> January 2023:	No Impact
<b>IPSAS 42: Social Benefits</b>		
<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> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p>	1 <sup>st</sup> January 2023	No impact

Key Requirements	Effective Date	Impact to the Authority
(c) The impact of such social benefits provided on the Entity's financial performance, financial position, and cash flows.		
<b>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</b>		
<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 guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) 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>	1st January 2023:	No Impact
<b>Other improvements to IPSAS</b>		
<ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>	1 <sup>st</sup> January 2023	

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Key Requirements	Effective Date	Impact to the Authority
<b>IPSAS 43</b>		
The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.	<i>January 2025</i>	No Impact
<b>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</b>		
The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:  Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.	<i>January 2025</i>	No Impact

*iii)* **Early adoption of standards**

The Authority did not early-adopt any new or amended standards in year 2023.

**4. Summary of significant Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of Preparation**

The financial statements have been prepared under the historical cost convention, unless otherwise stated. The Financial Statements are presented in Kenya Shillings which is the functional and reporting currency of the Authority.

**(b) Presentation of Financial Statements**

The financial statements comprise of statement of financial performance, statement of financial position, statement of changes in net assets/reserves, the statement of cash flows and statement of comparison of budget and actual amount and the notes to the financial statements.

The Authority classifies its expenditure by the nature of expense methodology.

The disclosure on risks are presented in the financial risk management objectives and policies contained in note 26

**(c) Budget Information**

The original budget for FY 2021-2022 was approved by the National Assembly on 9<sup>th</sup> June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**(d) Taxation**

The Authority is an appointed tax agent for Kenya Revenue Authority with the mandate to withhold tax and remit to Kenya Revenue Authority. The withheld taxes are recognized as current liabilities until paid to the relevant Authority.

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 Authority operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(e) Translation of foreign currencies**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Payables or receivables 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

**(f) Revenue recognition**

Revenue comprises the fair value of consideration received or receivable in the ordinary course of business. In accordance with the Kenya Roads Act 2007, revenue comprises all proceeds from the Kenya Roads Board Fund, Grants, Loans and donations from Central Government and Development partners, and such moneys, sums or assets that may accrue to the Authority. The revenue is for specified purposes including maintenance, rehabilitation, and development of the urban road network in Kenya.

The Authority recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the Authority.

**1. Road Maintenance Levy Fund**

Receipts from the Road Maintenance Levy Fund comprise of 10% of collections from the Road Maintenance Levy Fund administered by the Kenya Roads Board in accordance with the Kenya Roads Board act 1999. The grant is recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. The unspent portion at the end of the year is presented in the statement of financial position as deferred revenue and recognized in statement of financial performance on a systematic basis over the contract period

**2. *Transfers from Government and other entities***

The Kenya Roads Act 2007 provides the Authority may receive all monies from any other source provided for or donated or lent to the Authority. Such monies are recognized as they accrue in the period in which the transfer becomes binding at fair value, in the Statement of Financial Performance, unless collectability is in doubt. The fair values can be determined by reference to the market rate.

Where a transfer is subject to conditions that if unfulfilled require a return of the transferred resources they are recognized as a liability until the condition is fulfilled.

**3. *Interest Income***

Interest income and expense, including interest income from non-derivative financial assets are recognized at fair value through the Statement of Financial Performance using the effective interest method. Interest income is accrued on a time basis and is calculated on call and fixed deposits held with approved banking institutions

**4. *Fees, Penalties and Other income***

Other income arising from sale of tenders and fees levied by the Authority is accounted for on receipt

**(g) *Financial Instruments***

**(i) *Financial assets***

Financial assets within the scope of IPSAS 29 are classified as financial assets at fair value through surplus or deficit, 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.

***Receivables***

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money or services directly to a debtor with no intention of trading the receivable. Receivables mainly arise from non-exchange transactions which accrue in the ordinary course of business and there is no intention of trading the receivable.

Receivables are recognized initially at fair value. They are subsequently measured at amortized costs using the effective interest method less provision for impairment

A provision for impairment of receivables is made when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

The carrying value less discounts and any impairment provision of impairment is assumed to approximate their fair values. For financial instruments such as short-term receivables, no disclosure of fair value is required when the carrying amount is a reasonable approximation of fair value.

The Authority is allocated funds by the Central Government and Kenya Roads Board in accordance with the approved budget and allocation criteria set out in the Kenya Roads Board Act, 1999. The amounts allocated are referred to as 'disbursements' and are released to the Authority based on the disbursement schedule. Any amounts not released at any time are recognized as receivables

Receivables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets

#### **(ii) Financial Liabilities**

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.

#### ***Payables***

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables also include payments in respect social benefits where formal agreements for specific amounts exist

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The historical cost carrying amount of payables subject to the normal credit terms usually approximates fair value. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

#### **(h) 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 the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period end, taking into account the risks and uncertainties surrounding the obligation

### **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 remote.

### **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

#### **(i) Operating leases**

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made/received under operating leases are charged/credited to the statement of financial performance on a straight-line basis over the lease period. Prepaid operating lease rentals are recognized as assets and are subsequently amortized over the lease period.

#### **(j) Provision for liabilities and charges.**

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

#### **(k) Property, plant, and equipment**

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets.

Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Repair and maintenance expenses are charged to the statement of financial performance in the year in which they are 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 using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates

	<b>Rate %</b>
Land and buildings	2.5%
Computer Equipment and software	33.33%
Furniture and Fittings	12.5%
Office Equipment	12.5%
Motor Vehicles	25.0%
Infrastructure assets	Nil

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

#### **(I) 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

**(m) Research and Development costs**

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit

**(n) Specialised Public Service Assets-Infrastructure Assets**

The International Valuation Standards Committee defines specialized public assets as an asset, owned and/or controlled by a governmental or quasi-governmental entity, for the provision of some public service or good.

The authority deals in construction of roads infrastructure which falls in this category and constitutes part of property, plant, and equipment within the meaning of IPSASs.

Like other assets, all specialized public service assets provide either service potential or future economic benefit. Service potential is a measure of the capacity of an asset to provide services or benefits to those that use that asset. Future economic benefit is a measure of the capacity of an asset to provide monetary benefits to those that hold or own that asset. Currently the Authority classifies these assets as capital work in progress.

**(o) Construction contracts**

A construction contract is defined as a contract specifically negotiated for the construction of an asset. Contract costs are recognized as assets in the period in which they are incurred.

Where the outcome of a construction contract can be estimated reliably, costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive

payments are included to the extent that the amount can be measured reliably, and its payment is considered probable.

The Authority uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments, or other assets, depending on their nature.

Progress billings not yet paid to the contractors and retention are included within 'Payables' in the statement of financial position.

Costs incurred on maintenance contracts are charged in the statement of financial performance in the period in which they are incurred.

**(p) Impairment of Non-Financial Assets**

At each reporting period end, based on internal and external sources, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset.

Impairment losses are recognized as an expense in the Statement of Financial Performance whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of impairment loss is limited to the assets carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is credited to the Statement of Financial Performance in the year reversals are recognized.

**(q) 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, based on purchase cost using the weighted average cost method

After initial recognition, inventory is measured at the lower of cost and net realizable value. 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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

**(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 the various commercial banks at the end of the financial year

**(s) 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.

**(t) Employee Benefits**

The Authority provides retirement benefits for its eligible employees. The Authority operates defined contributions provident fund administered by an independent administration company and trustees and which is funded by both the employee and employer.

The Authority and its employees also contribute to the statutory pension scheme, the National Social Security Funds (NSSF). Contributions are determined by the local statute. The Authority also sets aside on monthly basis the gratuity for its employees who are on contract basis.

The contributions to fund obligations for the payment of retirement benefits are charged to the statement of financial performance in the year in which they become payable.

**(u) Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation of the Financial Statements as required by International Public Sector Accounting Standards and any amendment whenever necessary in the current year

**(v) Subsequent Events**

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

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

The preparation of the Entity'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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

**(a) Critical Judgments in Applying the Authority's Accounting Policies**

In the process of applying the Authority's accounting policies, judgments have been made in determining:

- Whether the assets are impaired;
- The classification of financial assets;
- The going concern.

**(b) Critical Accounting Estimates and Assumptions**

The key areas of judgments and sources of uncertainty in estimation are as set out below:

**(i) Contingent Liabilities**

As disclosed in these financial statements, the Authority is exposed to various contingent liabilities in the normal course of business. The directors evaluate the status of these exposures on a regular basis to assess the probability of the Authority incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

**(ii) Provision for Doubtful Debts**

The Authority reviews its receivables to assess the likelihood of impairment. Provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due. Where necessary, an estimation of the amounts irrecoverable is made in that year. Provision for impairment shall be recognized upon approval by the Board of Directors.

**(iii) Other Provisions**

Other provisions are recognized when the Authority has legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

**(iv) Impairment Losses**

At each reporting period end, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset. Any impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognized as income immediately.

**6. Government Grants and Subsidies**

**a) Road maintenance Levy Fund**

	2023-2024 Kshs	2022-2023 Kshs
Road Maintenance Levy Fund (Works)	13,094,091,412	10,635,035,764
Road Maintenance Levy Fund (Operations)	1,892,000,000	1,892,000,000
<b>Total Road Maintenance Levy Fund</b>	<b><u>14,986,091,412</u></b>	<b><u>12,527,035,764</u></b>

Road Maintenance Levy Fund (RMLF) comprise of 10.2% of collections from the Road Maintenance Levy Fund administered by the Kenya Roads Board in accordance with the Kenya Roads Board act 1999. The fund is utilized in maintenance of the road network in accordance with the applicable law. The grant is recognized as income over the period

necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>b) Transfers from National Government and other government agencies</b>		
County Government grants	50,000,000	-
<b>7. Licences, Penalties and Levies</b>		
Liquidated Damages	19,200	11,071,293
Road cutting fees	7,155,102	8,370,000
<b>Total licences penalties and levies</b>	<b>7,174,302</b>	<b>19,441,293</b>
<b>8. Finance Income</b>		
Interest on bank deposits	536,774,434	304,792,100
<b>9. Other Income from Exchange Transactions</b>		
Tender sales	400,000	68,000
Asset disposal	-	10,331,725
Other Income	421,324	121,899
<b>Total Other Income</b>	<b>821,324</b>	<b>10,521,624</b>
<b>10. Operation Expenses</b>		
Directors' expenses	18,793,883	24,322,154
Employment costs	1,389,689,885	1,267,531,979
Depreciation and amortization costs	110,342,263	107,124,543
Use of goods and services	312,366,588	238,631,141
Repairs and maintenance	66,979,820	36,065,795
<b>Total operation expenses</b>	<b>1,898,172,440</b>	<b>1,673,675,613</b>
<b>11. Road Maintenance and Rehabilitation Costs</b>		
Routine maintenance	4,794,971,904	3,263,899,693
Periodic maintenance	7,870,437,161	7,085,385,130
<b>Total Road Maintenance and Rehabilitation costs</b>	<b>12,665,409,065</b>	<b>10,349,284,824</b>

	2023-2024 Kshs	2022-2023 Kshs
<b>12. Work support Services</b>		
Consultancy, Planning, Feasibility ESIA Costs	45,951,749	29,965,643
Road Safety and Children's Traffic Parks Costs	27,307,826	33,634,275
Road Furniture and Road Marking	548,800	4,717,114
Traffic census and forward planning	5,825,405	8,740,763
Axle load control costs	10,932,720	8,574,284
Road reserve mapping and control costs	2,551,850	6,966,470
Design inhouse	12,233,724	14,841,265
Special Programmes and environmental awareness costs	26,327,499	20,313,792
Intelligent Traffic Management System Costs	23,274,379	21,694,532
Quality Assurance costs	3,191,500	2,010,100
Monitoring and evaluation	25,314,452	15,087,500
Road Inventory and condition Survey	5,876,029	1,275,490
Road annuity project costs	3,658,272	-
<b>Total road work support services</b>	<b>192,994,205</b>	<b>167,821,228</b>
<b>13. Taxation expense</b>		
Gross Interest income	536,774,433	304,792,100
Income from disposal of assets	-	10,331,725
Tender sales income	400,000	68,000
Total assessable income	<u>537,174,433</u>	<u>315,191,825</u>
Tax calculated at a tax rate of 30%	161,152,330	94,557,547
<b>Tax effect of:</b>		
Tax Deductible expenses	(48,000)	(8,160)
Underprovision prior year	-	214,235,411
<b>Tax charge</b>	<b>161,104,330</b>	<b>308,784,799</b>

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>14. Cash and cash equivalents</b>		
Current accounts	5,519,177,389	8,394,899,976
Staff Mortgage Fund	529,629,382	529,629,382
Cash in hand	525,743	257,926
<b>Total Cash and cash equivalents</b>	<u>6,049,332,514</u>	<u>8,924,787,284</u>

The cash in hand and at bank is held with the following approved commercial banks in Kenya. Part of cash and cash equivalents at the end of the year relates to projects in progress at year-end for which the funds are already committed.

**Current accounts**

KCB Bank Limited	5,057,467,731	8,062,844,227
National Bank of Kenya	396,498,034	285,435,640
Co-operative Bank of Kenya	65,211,623	46,620,109
Stanbic bank	-	-
<b>Total current accounts</b>	<u>5,519,177,389</u>	<u>8,394,899,976</u>

**Staff Mortgage Fund**

KCB Bank Limited	<u>529,629,382</u>	<u>529,629,382</u>
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**Others**

Cash in Hand	<u>525,743</u>	<u>257,926</u>
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<b>Total cash and cash equivalents</b>	<u>6,049,332,514</u>	<u>8,924,787,284</u>
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## 15. Receivables

### a) Receivables From Exchange Transactions

Contractor advances	163,477,535	168,887,962
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### b) Receivables From Non-Exchange Transactions

Staff Debtors	4,793,408	3,121,668
Grants Receivable-Development Funds	-	-
Grants Receivable-RMLF	4,867,137,435	-
Deposits and other prepayments	2,099,027	2,644,962
<b>Total Receivables From Non-Exchange Transactions</b>	<b>4,874,029,870</b>	<b>5,766,630</b>
<b>Total receivables</b>	<b>5,037,507,405</b>	<b>174,654,592</b>

Receivables constitute short-term liquid assets which are recoverable within one year

- (i) Contract advances represent funds provided to the contractors and are recoverable in accordance with the contract terms. Contract advances are secured by bank guarantees from approved commercial banks Kenya.
- (ii) RMLF Grants receivables represent Road Maintenance Levy Funds due from the Kenya Roads Board based on the approved APRP and disbursement schedule.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any collateral as security. The aged analysis of receivables is as follows:

## 16. Inventories

Consumable supplies	8,479,172	7,211,242
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Inventories comprise of consumable supplies for office use. In the opinion of the directors the carrying amounts of the inventories approximate their fair value.

**17. Property Plant and equipment**

	<b>Land and Buildings</b>	<b>Furniture and Fittings</b>	<b>Computers and Technical Equipment</b>	<b>Office Equipment</b>	<b>Leasehold Improvements</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cost/ Valuation</b>							
As at 1st July 2022	142,414,664	65,688,942	105,227,320	29,818,366	-	327,142,014	670,291,305
Additions during the year	43,644,811	2,651,909	14,510,020	575,191	-	22,597,751	83,979,682
Disposals	-	-	-	-	-	(37,760,700)	(37,760,700)
<b>As at 30 June 2023</b>	<b>186,059,475</b>	<b>68,340,851</b>	<b>119,737,340</b>	<b>30,393,557</b>	<b>-</b>	<b>311,979,065</b>	<b>716,510,287</b>
Additions during the year	15,263,263	21,236,731	4,765,722	6,291,872	22,255,035	7,485,700	77,298,323
Disposals	-	-	-	-	-	-	-
<b>As at 30 June 2024</b>	<b>201,322,738</b>	<b>89,577,582</b>	<b>124,503,062</b>	<b>36,685,429</b>	<b>22,255,035</b>	<b>319,464,765</b>	<b>793,808,610</b>
<b>Depreciation</b>							
As at 1st July 2022	16,581,299	31,908,954	78,874,426	12,716,788	-	178,541,595	318,623,062
Charge for the Year	4,349,205	8,690,857	21,494,051	3,799,194	-	58,441,566	96,774,872
On disposal	-	-	-	-	-	(32,446,425)	(32,446,425)
<b>As at 30 June 2023</b>	<b>20,930,504</b>	<b>40,599,810</b>	<b>100,368,476</b>	<b>16,515,982</b>	<b>-</b>	<b>204,536,736</b>	<b>382,951,509</b>
Charge for the Year	5,033,068	11,197,198	16,120,764	4,585,678	2,781,879	57,680,491	97,399,079
<b>As at 30 June 2024</b>	<b>25,963,572</b>	<b>51,797,008</b>	<b>116,489,240</b>	<b>21,101,660</b>	<b>2,781,879</b>	<b>262,217,228</b>	<b>480,350,588</b>
<b>Net Book Value</b>							
<b>As at 30 June 2024</b>	<b>175,359,166</b>	<b>37,780,573</b>	<b>8,013,821</b>	<b>15,583,769</b>	<b>19,473,155</b>	<b>57,247,537</b>	<b>313,458,022</b>
<b>As at 30 June 2023</b>	<b>165,128,971</b>	<b>27,741,041</b>	<b>19,368,864</b>	<b>13,877,575</b>	<b>-</b>	<b>107,442,328</b>	<b>333,558,778</b>

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>18. Infrastructure Assets</b>		
As at 1st July	2,389,465,490	1,854,182,221
Additions during the year	(0)	535,283,270
<b>As at 30 June</b>	<b><u>2,389,465,490</u></b>	<b><u>2,389,465,490</u></b>
<b>19. Intangible Assets</b>		
	<b>Computer software</b>	<b>Computer software</b>
	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Ksh</b>	<b>Ksh</b>
<b>Cost/ Valuation</b>		
As at start of the year	104,460,891	87,595,605
Additions	21,964,262	16,865,286
	<u>126,425,153</u>	<u>104,460,891</u>
<b>Amortization</b>		
As at start of the year	93,217,367	82,867,696
Charge for the year	12,943,184	10,349,671
<b>As at end of the year</b>	<b><u>106,160,551</u></b>	<b><u>93,217,367</u></b>
<b>Net Book Value</b>		
<b>As at 30 June</b>	<b><u>20,264,602</u></b>	<b><u>11,243,524</u></b>
<b>20. Payables</b>		
<b>a) Payables from Exchange Transactions</b>		
<b>Current</b>		
Due to Suppliers and Contractors	1,141,013,038	137,540,702
Refundable Deposits	60,276,884	38,617,500
	<u>1,201,289,922</u>	<u>176,158,202</u>
<b>Non Current</b>		
Contract Retention	398,012,083	379,565,675
	<u>398,012,083</u>	<u>379,565,675</u>
<b>Total Payables from Exchange Transactions</b>	<b><u>1,599,302,005</u></b>	<b><u>555,723,877</u></b>

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>b) Payables from Non-Exchange Transactions</b>		
Other payables	245,919,659	67,425,882
<b>Total Payables from Non-Exchange Transactions</b>	<b>245,919,659</b>	<b>67,425,882</b>
<b>c) Employee Benefits Obligations</b>		
Staff gratuity	78,413,374	54,031,278
Other Staff statutory obligations	14,174,611	10,231,573
<b>Total Employee Benefits Obligations</b>	<b>92,587,985</b>	<b>64,262,851</b>
<b>Total Payables</b>	<b>1,937,809,649</b>	<b>687,412,610</b>
<b>21. Current tax</b>		
As at 1st July 2023	-	-
Tax charged on assessable income	161,104,330	94,549,387
Underprovision prior year	-	214,235,411
Paid during the year	(97,096,506)	(308,784,799)
<b>Current Tax</b>	<b>64,007,824</b>	<b>(0)</b>

Income Tax is calculated at 30 per cent of the estimated assessable income for the year. The tax on the assessable income differs from the theoretical amount that would arise using the basic rate as follows:

Gross Interest income	536,774,433	304,792,100
Income from disposal of assets	-	10,331,725
Tender sales income	400,000	68,000
<b>Total assessable income</b>	<b>537,174,433</b>	<b>315,191,825</b>
Tax calculated at a tax rate of 30%	161,152,330	94,557,547
<b>Tax effect of:</b>		
Tax Deductible expenses	(48,000)	(8,160)
Underprovision prior year	-	214,235,411
<b>Tax charge</b>	<b>161,104,330</b>	<b>308,784,799</b>

**22. Nature and purpose of reserves**

	Accumulated Surplus	Revaluation Reserve	Staff Mortgage Fund	Infrastructure Assets reserve Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2023	8,303,814,441	64,479	529,629,382	2,320,000,000	11,153,508,302
Surplus for the year	663,181,431	-	-	-	663,181,431
Transfer of excess depreciation on revaluation	32,239	(32,239)	-	-	-
As at 30 June 2024	<b>8,967,028,111</b>	<b>32,239</b>	<b>529,629,382</b>	<b>2,320,000,000</b>	<b>11,816,689,732</b>

The Authority creates and maintains reserves based on specific requirements. The designated reserves and funds balances as at 30<sup>th</sup> June 2024 are indicated below.

- (i) **Infrastructure Assets reserve funds** which relate to cumulative exchequer and development partners' funds received for development projects. The balance represents the Authority's Investment in Road works to 30 June 2024.
- (ii) **Accumulated surplus** relates to accounting surplus which represents unutilized funds at the end of the accounting period and is carried forward through the statement of changes in net assets for future utilization by the Authority on the specific contracts. The funds relate to unexecuted works for contracts in progress at year-end for which the funds are already committed. The funds are therefore ring-fenced by the contract provisions and are not available for any other purpose except for meeting the contractual obligations already entered by the Authority.
- (iii) **Staff Mortgage fund:** The Authority established independently managed staff Mortgage Scheme Funds for members of staff. The scheme is based on a minimum cash balance at the Kenya Commercial Bank account commensurate with the mortgage amount. There was no transfer from the accumulated surplus to the staff mortgage fund during the year.

**23. Cash generated from operations.**

		<b>2023-2024</b>	<b>2022-2023</b>
	<b>Note</b>	<b>Kshs</b>	<b>Kshs</b>
Surplus for the year before tax		824,285,761	671,009,116
<i>Adjustments for:</i>			
Income from disposal of property plant and equipment		-	(10,331,725)
Depreciation of property, plant and equipment	12	97,399,079	96,774,872
Amortisation of intangible assets	12	12,943,184	10,349,671
<b><i>Changes in operating assets and liabilities</i></b>			
Receivables from exchange transactions		5,410,427	4,922,356,678
Receivables from non exchange transactions		(4,868,263,239)	(882,491,616)
Inventories		(1,267,930)	(2,934,349)
Payables from exchange transactions		1,025,131,720	43,401,350
Payables from Non-exchange transactions		178,493,776	-
Employee benefit obligation		28,325,134	18,551,382
<i>Net cash from operating activities</i>		<u>(2,697,542,087)</u>	<u>4,866,685,380</u>
Tax paid		<u>(97,096,506)</u>	<u>(350,587,511)</u>
Net cash from operating activities		<u>(2,794,638,593)</u>	<u>4,516,097,868</u>

**24. Financial risk management objectives and policies**

The Authority has an integrated risk management framework/ strategy. The Authority's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring, and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered

The Authority recognizes the critical role risk management will continue to play in its endeavor to carry out its business in a dynamic environment. The Board is committed to ensure that corporate governance and risk management are deeply entrenched in the Authority's strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

The Authority core business involves major engagements with financial transactions and processes which pose certain risks. Three types of risks are reported as part of the risk profile namely operational, strategic, and business continuity risks.

- (i) **Operational risks** are events, hazards, variances, or opportunities which could influence the achievement of the Board's compliance and operational objectives.

- (ii) **Strategic risk** is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.
- (iii) **Business continuity risks** are those events, hazards, variances, and opportunities which could influence the continuity of the entity.

The Members of the Board have the overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority has delegated its risk management to the Audit and Risk Committee. One of the responsibilities of this committee is to review risk management strategies to ensure that an effective efficient and transparent system of risk management is maintained for sustainable management of the Authority.

The Authority's exposure to risks its objectives, policies, and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated. The Authority aims therefore to achieve an appropriate balance between the risk and return and minimize potential adverse effects on its financial performance.

The financial management objectives and policies are as outlined below.

***a) Liquidity Risk***

Liquidity risk is the risk that the Authority will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets, and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued, etc. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The Authority's has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The Authority's liquidity and funding management process includes:

- i) Projecting cash flows and considering the cash required and optimizing the short-term requirements as well as the long-term funding, maintaining balance sheet liquidity ratios,
- ii) Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,

The Authority has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities.

The primary sources of revenue for the Authority are receipts from the Kenya Roads Board, mainly receipts from Road Maintenance Levy Fund, and Grants from the central Government and Development Partners.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities

#### **b) Market Risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The Authority is exposed to the following market risks:

##### **(i) Currency Risk**

The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.

##### **(ii) Price Risk**

Kenya Roads Board collects Kshs. 18 per litre of diesel and petrol imported into the country, 10% of which is disbursed to the Authority. The Authority is exposed to the extent that the levy on diesel and petrol is reduced or eliminated due to changes in the international fuel prices, inflation or other macro indicators.

The Road Maintenance Levy Fund is backed up by an Act of Parliament and changes thereof require approval by Parliament.

##### **(iii) Interest Rate Risk**

The Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Authority does not have any borrowings.

### **c) Credit Risk**

The maximum exposure of the Authority to credit risk as at the balance sheet date is as follows:

### **c) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology, and infrastructure and from external factors other than credit, market, and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

The Authority seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures, and tools to identify, assess, monitor, and report such risks.

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- (i) Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- (ii) Requirements for the reconciliation and monitoring of financial transactions.
- (iii) Compliance with regulatory and legal requirements.
- (iv) Documentation of controls and procedures
- (v) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- (vi) Requirement for the reporting of operational losses and proposed remedial action.
- (vii) Training and professional development.
- (viii) Ethical and business standards; and
- (ix) Risk mitigation, including insurance where it is effective

Operational risks are managed by the Internal Audit function established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing and mitigating risks in all facets of the business

### **d) Compliance and Regulatory Risk**

Compliance and regulatory risk include the risk of non-compliance with regulatory requirements. The Authority has complied with all externally imposed requirements throughout the year

**e) Legal Risk**

Legal risks is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the authority, failure to protect the title to and inability to control the rights to assets of the Authority (including intellectual property right), changes in law, or jurisdictional risk.

The Authority manages legal risk through the legal function, legal risk policies and procedures and the effective use of internal controls and external lawyers.

**25. Explanation for budget variances**

The original budget for FY 2023-2024 was approved by the National Assembly on 9<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

**26. Related Parties Balances and Transactions**

The Authority regards a related party as a person or an entity 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 Director General and senior managers.

**(a) Related party transactions**

The following transactions were carried out with related parties during the year.

**(i) Grants from the Government**

Grants from National Government	<u>14,986,091,412</u>	<u>12,527,035,764</u>
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**(ii) Key management personnel compensation**

Directors emoluments	7,075,125	10,064,000
Compensation to the Director General	8,125,251	8,125,251
Compensation to the key management	<u>169,640,545</u>	<u>169,640,545</u>
	<u>184,840,921</u>	<u>187,829,796</u>

**(b) Outstanding balances arising from non-exchange transactions.**

The following were outstanding balances with related parties as at 30<sup>th</sup> June 2024

**(i) Grants from the Government**

Grants from National Government	14,986,091,412	12,527,035,764
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**(ii) Key management personnel compensation**

Directors emoluments	7,075,125	10,064,000
Compensation to the Director General	8,125,251	8,125,251
Compensation to the key management	169,640,545	169,640,545
	<u>184,840,921</u>	<u>187,829,796</u>

**(b) Outstanding balances arising from non-exchange transactions.**

The following were outstanding balances with related parties as at 30<sup>th</sup> June 2024

Road maintenance Levy (RMLF)	4,867,137,435	-
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**27. Fair value**

The directors consider that there is no material difference between the fair value and carrying value of the Authority's financial assets and liabilities, where fair value details have not been presented.

**28. Capital Commitments**

All capital commitments contracted for / authorized at the reporting period have been recognized in the financial statements.

**29. Currency**

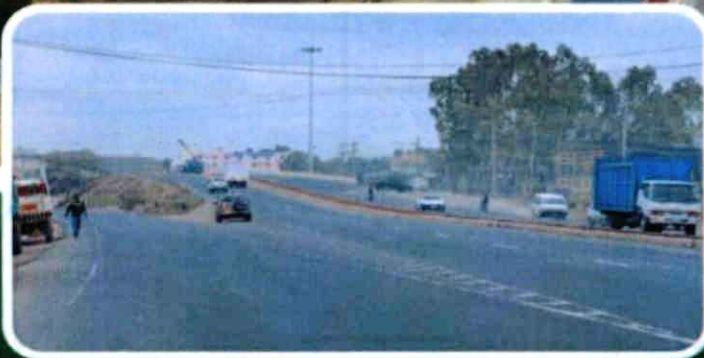
The financial statements are presented in Kenya Shillings (Kshs)

### APPENDIX 1: PROGRESS ON THE FOLLOW UP OF AUDITOR GENERAL RECOMMENDATIONS

Reference No. on external audit report	Observation	Project	Management comments	Status	Time frame
1.0	Inadequacies in the implementation of Road Projects	Various	The issues raised have been addressed. However, some of the issues which require additional budget will be addressed when funds are available.	Ongoing	June 30 2025

**APPENDIX 3: INTER ENTITY TRANSFERS-STATE DEPARTMENT OF INFRASTRUCTURE****A. ROAD MAINTENANCE LEVY FUND**

<b>FUNDS FROM KRB - RMLF FUNDS</b>					
<b>Date Disbursed</b>	<b>Recurrent (KShs) (A)</b>	<b>Development (KShs) (B)</b>	<b>Total (KShs) (C)=(A+B)</b>	<b>Amount Received by KURA as at 30 June 2024 (KShs) (D)</b>	<b>Receivables as at 30 June 2024 (KShs)</b>
23-Aug-23	2,725,203,827.00	-	2,725,203,827.00	2,725,203,827.00	-
23-Sep-23	494,371,526.00	-	494,371,526.00	494,371,526.00	-
01-Nov-23	2,725,203,827.00	-	2,725,203,827.00	2,725,203,827.00	-
14-Feb-24	2,723,442,795.00	-	2,723,442,795.00	2,723,442,795.00	-
07-Mar-24	1,450,732,002.00	-	1,450,732,002.00	1,450,732,002.00	-
05-Jul-24	1,720,170,692.00	-	1,720,170,692.00	-	1,720,170,692.00
30-Jul-24	2,767,706,516.00	-	2,767,706,516.00	-	2,767,706,516.00
03-Oct-24	379,260,226.50	-	379,260,226.50	-	379,260,226.50
<b>SUB TOTAL</b>	<b>14,986,091,411.50</b>	<b>-</b>	<b>14,986,091,411.50</b>	<b>10,118,953,977.00</b>	<b>4,867,137,434.50</b>



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