

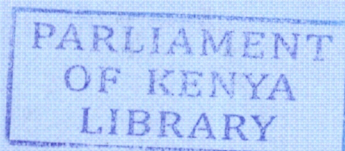
REPUBLIC OF KENYA



Paper laid by the
LOMP on Wednesday
5/3/2014 ~~at~~
(afternoon sitting)

Rate
5/3/2014

KENYA NATIONAL AUDIT OFFICE



REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
KENYA ROADS BOARD PROJECT
FOR THE YEAR ENDED
30 JUNE 2013
KENYA WILDLIFE SERVICE

REPUBLIC OF KENYA

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NAIROBI



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA ROADS BOARD PROJECT FOR THE YEAR ENDED 30 JUNE 2013 – KENYA WILDLIFE SERVICE

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Kenya Roads Board Project, set out on pages 7 to 14, which comprise the statement of receipts and payment, the statement of comparison of budget and actual amount and the statement of cash flows and a summary of significant accounting policies and other explanatory notes in accordance with provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. 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.

Responsibility for the Director and the Project Manager

The Director, Kenya Wildlife Service and the Project Manager for the Kenya Roads Board project are responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis of Accounting) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The Director is also responsible for the submission of financial statements to the Auditor-General in accordance with the provisions of Section 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with provisions of Section 15(2) of the Public Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain

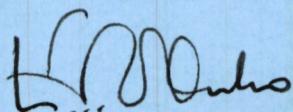
reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Project's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the receipts and payments relating to the Project for the year ended 30 June 2013 in accordance with the International Public Sector Accounting Standards (Cash Basis of Accounting) and comply with the Kenya Roads Board Act, 1999.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

11 February 2014

PROJECT NAME: KENYA ROADS BOARD PROJECT

IMPLEMENTING ENTITY: KENYA WILDLIFE SERVICE

**PROJECT FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013**



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

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KENYA WILDLIFE SERVICE

INSTITUTION INFORMATION

1. INCORPORATION

Kenya Wildlife Service (KWS) is a state corporation established by an Act of Parliament Cap 376 which came into effect in 1989. A Board of Trustees manages KWS.

2. PRINCIPAL ACTIVITY

The principal activity of Kenya Wildlife Service (KWS) is to conserve and manage Kenya's wildlife for the Kenyan people and the world and to enforce related laws and regulations.

3. BOARD OF TRUSTEES**Date Appointed**

1. Hon. David Mwiraria, EGH	Board Chairman	25/10/11
2. Mr. William Kibet Kiprono	Board Secretary	01/10/12
3. Principal Secretary The National Treasury		
4. Principal Secretary Environment and Natural Resources		
5. Director of Veterinary Services		
6. Principal Secretary Devolution and Planning		
7. Inspector General Kenya Police Service		
8. Director of Kenya Forest Service		
9. Principal Secretary Interior and Coordination of National Government		
10. Ms. Winnie Kiiru		28/10/11
11. Ms. Margaret M. Mwakima		28/10/11
12. Mr. Nicholas Ole Kamwaro		28/10/11
13. Mr. Adil Khawaja		28/10/11
14. Ms. Patricia Awori		28/10/11
15. Mr. Ian Craig		28/10/11
16. Mr. Julius Kipng'etich, EBS, CBS	served until	30/09/12

KENYA WILDLIFE SERVICE

INSTITUTION INFORMATION

AUDITOR

Auditor - General
Anniversary Towers
University Way
P.O. Box 30084-00100
NAIROBI

REGISTERED OFFICE

KWS Complex, Lang'ata Road
P.O. BOX 40241 - 00100
NAIROBI

BANKERS

Standard Chartered Bank Limited
Lang'ata Branch
P.O. Box 20153-00100
NAIROBI

Kenya Commercial Bank Ltd
Moi Avenue Branch
P.O. Box 48400-00100
NAIROBI

PROJECT INFORMATION

Kenya Roads Board (KRB) is a statutory body established by Parliament through Act No. 7 of 1999. The date of assent of the Act is January 6th 2000. The mandate of KRB is to oversee the road network in Kenya and thereby coordinate its development, rehabilitation and maintenance and to be the principle advisor to the Government on all matters related thereto.

Kenya wildlife Service (KWS) is designated as a main road agency. The functions of a Road Agency are:

- To maintain, rehabilitate and develop such categories of roads as shall be specified in the notice of Designation; and
- To perform such additional functions as the Kenya Road board may from time to time assign.

Roads agencies are required by the Act to ensure;

- Development, rehabilitation and maintenance of the road network consistent with the economy and set standards
- That its operations are conducted efficiently, economically and with due regard to safety;
- That financial administration conducted is in accordance with the provisions of the Act, any regulations made there under and any general or specific directions by the board

KWS as an a main road agency is allocated 1% of Roads management Levy Funds

PROJECT MANAGEMENT OFFICERS

1. Eng. Edwin Muchugia Projects Manager
2. Mr. Edwin O Arum Projects Accountant

PROJECT OBJECTIVES

To maintain, rehabilitate and develop such categories of roads within jurisdiction of KWS as shall be specified in the notice of Designation.

PROJECT COMPONENT COST

Operating Costs	5,914,360
Road Works	<u>234,084,020</u>
Total	<u>239,998,380</u>

This varies every year.

Project performance

During the year, out of a target roads works of 1808 kilometers, 1490 kilometers was done and paid for

STATEMENT OF ACCOUNTING OFFICER AND PROJECT MANAGER RESPONSIBILITIES

The Director (Accounting officer), KWS and the Project Manager, are responsible for preparing the project's financial statements, which give a true and fair view of the state of affairs of the project as at the end of the accounting period. This responsibility includes: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; 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 fraud or error, safeguarding the assets of the project; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

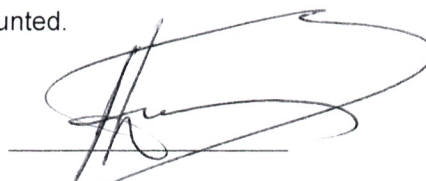
The Director and the Project Manager accept responsibility for the project's financial statements, which have been prepared on the Cash Basis method of Financial Reporting, using appropriate accounting policies in accordance with the International Public Sector Accounting standards (IPSAS).

The Director and the Project Manager are of the opinion that the financial statements give a true and fair view of the state of the project financial position as at 30 June 2013. The Director and the project manager further confirm the completeness of the accounting records maintained for the Project which have been relied upon on the preparation of the Financial Statements as well as on the adequacy of the internal control.

The Director and the Project Manager confirm that the Project has complied with the terms and conditions of the Financing Covenants in accordance with the Legal Agreement and the applicable government Regulations, and that the project funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted.



Mr. William Kibet Kiprono
Director



Engineer Edwin Muchugia
Head of Roads and Fleet management
(Project Manager)

17-12-2013
Date

AUDIT REPORT

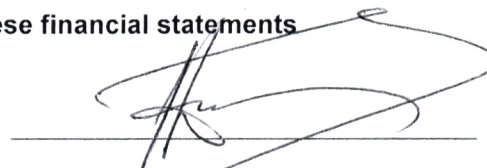
**KENYA WILDLIFE SERVICE
KENYA ROADS BOARD PROJECT
STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

		2013	2,012	Cumulative to date
	Notes	Kshs	Kshs	Kshs
CASH BALANCE B/F	4	279,107,998	339,469,663	
RECEIPTS				
Kenya Roads Board	5	238,278,375	178,081,464	1,588,929,765
Interest	6	7,313,719	1,109,331	21,078,022
Kenya Wildlife Service	7	_____	_____	_____368,131
Total Receipts		<u>245,592,094</u>	<u>179,190,795</u>	<u>1,610,375,918</u>
Total Funds Available		<u>524,700,092</u>	<u>518,660,458</u>	
PAYMENTS				
Non-Current Assets	8	488,351	516,000	1,196,563
Operating Costs		3,353,873	7,759,308	11,113,181
Road Works		304,331,505	231,277,152	1,381,539,811
Total Payments		<u>308,173,729</u>	<u>239,552,460</u>	<u>1,393,849,555</u>
CASH BALANCE C/F	4	<u>216,526,363</u>	<u>279,107,998</u>	<u>216,526,363</u>

The notes on pages 10 to 12 are an integral part of these financial statements



Mr. William Kibet Kiprono
Director



Engineer Edwin Muchugia
Head of Roads and Fleet management

Date 17.12.2013

(Project Manager)

KENYA WILDLIFE SERVICE
KENYA ROADS BOARD PROJECT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 Budget Kshs	2,013 Actual Kshs	Variance Kshs
RECEIPTS				
Kenya Roads Board		239,998,380	238,278,375	1,720,005
Interest		-	7,313,719	(7,313,719)
Total Receipts		<u>239,998,380</u>	<u>245,592,094</u>	<u>(5,593,714)</u>
PAYMENTS				
Non-Current Assets		500,000	488,351	11,649
Operating Costs		5,414,360	3,353,873	2,060,487
Road Works		234,084,020	304,331,505	(70,247,485)
Total Payments		<u>239,998,380</u>	<u>308,173,729</u>	<u>(68,175,349)</u>
Surplus /Deficit for period	3	<u>-</u>	<u>(62,581,635)</u>	<u>(62,581,635)</u>

The deficit of the actual expenditure over budget of 26% was due to roll over of roads works from the previous financial year. There are no other material variances. Material variances are considered to be those of Kshs. 1 Million and over under any account heading, as per prevailing Treasury practice.

KENYA ROADS BOARD PROJECT
STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 KSHS.	2012 KSHS.
Cash Flow from Operating Activities			
Cash generated from operations	6	7,313,719	1,109,331
		<u>7,313,719</u>	<u>1,109,331</u>
Cash Flow from Investing Activities			
Cash Spent on Road works		(308,173,729)	(239,552,460)
Cash Flow from Financing Activities			
Proceeds from Kenya Roads Board	5	238,278,375	178,081,464
Cash and Cash Equivalents at beginning of Year	4	279,107,998	339,469,663
Cash and Cash Equivalents at end of Year		<u>216,526,363</u>	<u>279,107,998</u>

The notes on pages 10 to 12 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Note 1: FINANCIAL REPORTING UNDER INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

In accordance with International Public Sector Accounting Standards (IPSAS), notes to the financial statements of an entity should:

- I. Present any information about the basis of preparation of the financial statements and the specific accounting policies selected and applied for significant transactions and other events; and
- II. Provide additional information which is not presented on the face of the financial statements but is necessary for a fair presentation of the entity's cash receipts, cash payments, cash balances and other statements such as statement of financial position.

Note 2: SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) with particular emphasis on cash basis financial reporting under the cash basis accounting.

(b) Cash basis Accounting

The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the entity. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes of value.

(c) Currency

Transactions are recorded and presented in Kenya Shillings.

Note 3: BUDGET

The budget is developed on the same accounting basis (cash basis), same classification basis and for the same period as for the financial statements. The budget was approved as required by law and treasury regulations as detailed in the Government of Kenya Budget Printed Estimates. The deficit of the actual expenditure over budget of 26% was due to roll over of roads works from the previous financial year.

Other variances are as explained below:

I. Receipt from KRB variance

The budget was based on estimated collection from the roads maintenance levy however the receipts was based on actual collections from the roads maintenance levy.

II. Interest Variance

Due to long process in procurement and delay in receipt of certificate of work, the money stayed in our account long enough to earn interest

III. Operating Cost Variance

The year under review being an election year there was a slowdown in administrative activities and also the supervision activities was delayed as a result of late award of tenders

IV. Road Works Variance

This was caused by rollover of road works for the last financial year to the current financial year.

NOTE 4 CASH AND BANK BALANCES

	2013 Kshs.	2012 Kshs.
CASH BALANCES		
Field Banks	1,423,722	1,698,522
Field Cash In Hand	7,854	23,527
Field Outstanding Imprest	45,000	40,995
Headquarters Bank	<u>215,049,787</u>	<u>277,344,954</u>
	<u>216,526,363</u>	<u>279,107,998</u>

Note 5: RECEIPTS FROM KENYA ROADS BOARD

REFERENCE	DATE	AMOUNT
AR 914502	10/25/2012	118,876,125
AR 931285	1/17/2013	59,701,125
AR 9414182	6/14/2013	59,701,125
TOTAL		238,278,375

Out of the receipt of Kshs. 118,876,125, Kshs. 59,175,000 was for the year 2012. As at June 2013, Kshs 59,701,125 was expected from KRB being the fourth and last tranche for year 2013

Note 6: OTHER RECEIPTS

	2013 Kshs	2012 Kshs	Cumulative to date Kshs
Interest Income	7,313,719	1,109,331	21,078,022
	<u>7,313,719</u>	<u>1,109,331</u>	<u>21,078,022</u>

Note 7: Receipt from Kenya Wildlife Service

Kenya wildlife Service financed the operations of roads to the tune of Kshs 210,719 and Kshs 157,412 in the years 2010 and 2006 respectively

Note 8: STATEMENT OF NON-CURRENT ASSETS

	Computers	GPS	Total
Balance as at June 2012	708,212		708,212
Additions		488,351	488,351
Balance as at June 2013	708,212	488,351	1,196,563

Note 9: STATEMENTS OF UNPAID COMMITMENTS AND OUTSTANDING CREDITORS

	<u>2013</u>	<u>2012</u>
	Kshs	Kshs
Retention Money	7,737,046	3,972,789
TOTAL	<u><u>7,737,046</u></u>	<u><u>3,972,789</u></u>

ANNEX 1: SCHEDULE OF RETENTION

RETENTION 2013

Supplier	Contract	Contract Amount	Retention Outstanding
Maiguria General Contractors	RT/R&F/62/2010-11	6,025,000.00	291,531.00
Alwala Construction	OT/R&F/14/2011-12	52,952,614.00	1,249,564.00
Kalowanga Engineering	RT/R&F/47/2011-12	7,735,050.00	375,150.00
Afrispan Construction	RT/R&F/64/2010-11	6,480,175.00	59,329.00
Afrispan Construction	RT/R&F/65/2010-11	7,907,087.50	332,505.00
Jakalu Enterprises	RT/R&F/44/2011-12	14,175,447.00	687,290.00
Mariakani Autoparts Ltd	OT/R&F/13/2012-13	13,487,000.00	653,135.00
Yamu Engineering	OT/R&F/26/2012-13	7,550,000.00	346,097.00
Yamu Engineering	OT/R&F/24/2012-13	5,428,000.00	263,111.00
Ndaisi General	OT/R&F/14/2012-13	7,647,000.00	370,880.00
Dry Dock Suppliers Ltd	OT/R&F/10/2012-13	4,695,150.00	220,925.00
Pacific Sterling Cont	OT/R&F/28/2012-13	8,591,600.00	391,221.00
Trillion Projects	OT/R&F/21/2012-13	18,138,250.00	409,073.00
Chalisa Construction	OT/R&F/15/2012-13	10,100,088.00	264,814.00
Msingi Bora	OT/R&F/82/2011-12	4,692,600.00	227,591.00
Sensei Ltd	PBC/R&F/82/2011-12	33,146,652.00	498,987.00
Gukem Construction	OT/R&F/24/2012-13	6,855,500.00	330,188.00
Green Highland Services	OT/R&F/25/2012-13	8,591,600.00	114,184.00
Tai Enterprises	RT/R&F/12/2010-11	6,794,250.00	329,521.00
Tai Enterprises	RT/R&F/12/2010-11	4,648,350.00	225,445.00
Tavez Connections	RT/R&F/16/2009-10	4,800,000.00	96,505.00
			7,737,046.00

**KENYA WILDLIFE SERVICE
ACCRUALS SCHEDULE 2013**

ACCRUALS		Amounts	Balance
Gukem Construction	OT/R&F/24/2012-13	6,855,500.00	6,273,572.00
Yamu Engineering	OT/R&F/26/2012-13	7,550,000.00	1,480,283.00
Yamu Engineering	OT/R&F/24/2012-13	5,428,000.00	4,999,101.00
Commisioner Of Tax	OT/R&F/24/2012-13	5,428,000.00	163,749.00
Commisioner Of Tax	OT/R&F/24/2012-13	6,855,500.00	204,240.00
			13,120,945.00