

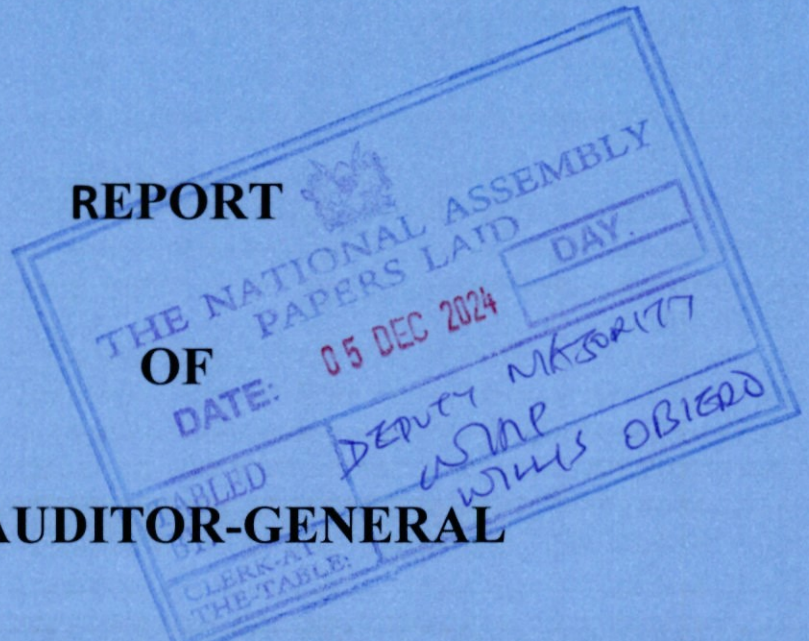
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REPORT



THE AUDITOR-GENERAL

ON

**SAFE ROADS/USALAMA BARABARANI
PROGRAMME GRANT NUMBER
KE/FED/037-778**

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

**NATIONAL TRANSPORT AND SAFETY
AUTHORITY**



PROJECT NAME: SAFE ROADS/USALAMA BARABARANI

IMPLEMENTING ENTITY: NATIONAL TRANSPORT AND SAFETY AUTHORITY

PROJECT GRANT/CREDIT NUMBER: No KE/FED/037-778

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

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1. ACRONYMS AND GLOSSARY OF TERMS

ACCA	Association of Chartered Certified Accountants
CBK	Central Bank of Kenya
CTSC	County Transport and Safety Committee
CRSAP	County Road Safety Action Plan
EU	European Union
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
NTSA	National Transport and Safety Authority
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
PSV	Public Service Vehicle
PMT	Project Management Team
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Name and registered office

Name: SAFE ROADS / USALAMA BARABARANI

Objective: The overall objective of the grant is to contribute towards enhancing road traffic safety in Kenya through road safety programmes and projects that will see a reduction in the number of fatalities per inhabitant due to road traffic crashes by 15%.

Address: The project headquarters offices are Nairobi, Kenya.

The address of its registered office is:

NATIONAL TRANSPORT AND SAFETY AUTHORITY (NTSA)
316, Upper Hill Chambers, 2nd Ngong Avenue

Contacts: The following are the project contacts

Telephone: (254) MOBILE NO: +254 722 477 704
 E-mail: george.njao@ntsa.go.ke
 Website: www.ntsa.go.ke

2.2 Project Information

Project Start Date:	The project start date is 1 st March 2020
Project End Date:	The project end date is 31 st August 2025
Project Manager:	The project manager is Dr Duncan Kibogong
Project Sponsor:	The project sponsor is European Delegation to the Republic of Kenya P.O. Box 45119-00100 Nairobi, Kenya

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Roads & Transport State Department for Transport Transcom House, Ngong Road P.O Box 52692,00200 Nairobi.
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	Tel: +254-020-2723232
Project number	No KE/FED/037-778
Strategic goals of the project	<p>The strategic goal of the project is:</p> <p>Contribute to strengthen the National Transport and Safety Authority in implementing policies related to road safety and ensuring the provision of safe, reliable and efficient road transport services</p>
Achievement strategic goals of	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> • Improved capacity of NTSA; • Established County Transport and Safety Committees (CTSCs) to enhance road safety management; • Increased public awareness on road safety; • Improved driver training and testing; • Developed road safety engineering and road safety audits.
Other important background information of the project	The project pilot counties are Makueni, Nairobi, Nakuru, Kericho, Kisumu and Kakamega
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) Road Safety Management; including Capacity Building of NTSA, County Transport & Safety Committees and Road safety research and audits;</p> <p>(ii) Safer Road Users; including driver training and testing and Road Safety Awareness/Public Education.</p>
Project duration	The project started on 1 st March 2020 and is expected to run until 31 st August 2025

2.4 Bankers

The following are the bankers for the current year:
 Kenya Commercial Bank
 Kencom House, Moi Avenue
 Nairobi City Center
 P.o Box 4360-00100
 Nairobi

2.5 Auditors

Office of the Auditor General
Anniversary Towers
P. o. Box 30084-00100
Nairobi

Expenditure verification

Deloitte Kenya
Deloitte Place
Waiyaki Way, Muthangari
P. O Box 40092 GPO. 00100
Nairobi, Kenya
Phone +254 719 039 00. Email admin@deloitte.co.ke

2.6 Roles and Responsibilities

The following key people will be working on the project;

Names	Title designation	Key qualification	Responsibilities
Mr. George Njao	Director General	Bachelor of Science degree	Overall accountability
Dr. Duncan Kibogong	Deputy Director –Road safety	Master’s Degree in Strategic Management Master’s in Public Health	Head - Project management team (PMT)
Michael Chege	Grant Manager	Bachelor of Commerce degree, ACCA	Budget and reporting

2.7 Funding summary

The Project is for duration of 5.5 years from March 2020 to August 2025 with an approved budget of EUR 5,375,000 equivalent to Kshs 754,171,625 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30th June 2024)		Undrawn balance to date (30th June 2024)	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
European Commission	4,300,000	603,337,300	3,143,735	441,100,654	1,156,265	162,236,646

(ii) Counterpart funds						
Government of Kenya	1,075,000	150,834,325	301,316	42,277,920	773,684	108,556,405
Total	5,375,000	754,171,625	3,445,051	483,378,573	1,929,949	270,793,051

*EUR to KES exchange rate used: 140.31, previous period rate used: 127.59

B. Application of Funds

Application of funds	Amount received to date – (30th June 2024)		Cumulative Amount paid to date – (30th June 2024)		Unutilised balance to date (30th June 2024)	
	EUR	Kshs	EUR	Kshs	EUR	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
European Commission	3,143,735	441,100,654	2,425,505	340,324,992	718,231	100,775,661
(ii) Counterpart funds						
Government of Kenya	301,316	42,277,920	301,316	42,277,920	-	-
Total	3,445,051	483,378,573	2,726,821	382,602,912	718,231	100,775,661

2.8 Summary of Overall Project Performance:

The project is in the fourth year of implementation and activities undertaken during the period under review were targeted towards the achievement and performance of outputs, outcomes, and impacts.

During the period under review the budget performance was 105% for both counterpart funding and foreign grants. The cumulative performance to date is 65% where foreign grants stood at 74% whereas counterpart funding was 28%.

The mainstreaming of child road safety content into the curriculum was completed during the period under review, a report submitted and accepted by management. The report detailed the development of matrices and integration of content for all basic education levels from PP1 to Grade 12. The impact of this successful completion is that all designs (syllabuses) in Kenya will now include content on road safety and all published materials in all learning areas will have to be aligned to the approved designs. The next phase of the project will involve the development of materials (learners, teachers guides and IEC materials) for all the three main facets of basic education i.e, formal, informal and non-formal education.

During the period under review road safety campaigns were conducted across various media such as radio, TV, newspaper and digital. The campaigns were complemented by sensitizations that included a mix of workshops and on ground activations for the various vulnerable road users including school children, drivers, pedestrians, boda boda riders amongst others. The World Day of Remembrance was also commemorated during the period under review in Naivasha, Nakuru County.

Thirteen road safety audits were also conducted during the period under review. These included black spot surveys, post construction and design stage audits. The reports were finalized and submitted to the respective road agencies for corrective action with an aim to reduce road fatalities and crashes.

The absorption rate for the project was 1% for FY 2019/20, 64% for the FY 2020/21, 21% for the FY 2021/22, 26% for the FY 2022/23 and 105% for the FY 2023/24. It is worth noting that the project activity stagnated significantly following the impact of the Covid-19 pandemic and slow disbursement of funds during its initial stages that led to the loss of around two years at project inception. Other challenges that led to the slow absorption are also highlighted in the next section.

2.8.1 Project Implementation Challenges

- (i) Delay in disbursement of the funding under the first tranche. This was occasioned by a lack of budget line that had to be included in the Supplementary Estimates during the Financial Year 2020/21.
- (ii) Delayed approval of the project addendum that changed the mode of implementation of the project. This meant that the consultancies under the project could not commence until the addendum was fully approved and signed.
- (iii) The electioneering period saw a slowdown in the implementation of some activities that involved one on one engagement with the vulnerable road users.
- (iv) Lack of counterpart funding from the Government. The GOK counterpart under the FY 2022/23 was revised during the Supplementary Estimates and hence no counterpart was received from the GOK budget. The counterpart received was from the Authority's internally generated revenues which may not be sustainable in the short to medium term.

2.8.2 Way Forward

- (i) Ensure the project is adequately provided for in the Budget through early engagement with the State Department for Transport and The National Treasury.

2.9 Summary of Project Compliance:

In the period under review there were no cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,

3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objective of the grant is to contribute to strengthen the National Transport and Safety Authority in implementing policies related to road safety and ensuring the provision of safe, reliable and efficient road transport.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objective to specific sectors, the development objective was made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Safe Roads/Usalama Barabarani	contribute to strengthen the National Transport and Safety Authority in implementing policies related to road safety and ensuring the provision of safe, reliable and efficient road transport.	Improved capacity of the NTSA staff as a solid foundation for sustainable Road Transport system in Kenya	% of trained staff	During the FY a training schedule was developed for all NTSA staff with the trainings scheduled to commence in the first quarter of 2024/25 FY.
		Enhanced operations of County Transport	% progress of equipping CTSCs	The procurement of computers process commenced during the

Project	Objective	Outcome	Indicator	Performance
		and Safety Committees (CTSCs) in the 6 pilot counties	Development and implementation of County Road Safety Action Plans completed	period under review and will be finalized in the next FY. 6 CRSAPs were developed, validated and adopted. An implementation plan (key priority activities) was developed and forwarded to the EU for approval in line with the project requirements.
		Increased public education and awareness on road safety	% of school curriculum on road safety developed	During the period under review, a situational analysis was conducted in 31 counties covering an estimated 300 schools. Mainstreaming of child road safety content was also undertaken with the development of matrices and integration of content for PP1 to Grade 12 being undertaken.
			No. of road safety campaigns conducted	Three main campaigns were conducted during the FY. These included digital, TV, radio and billboards.

Project	Objective	Outcome	Indicator	Performance
				Commemoration of the World Day of Remembrance in November 2023 done.
			No of sensitization workshops held	10 workshops held in the pilot counties. Medical camps for school drivers conducted.
		Improved driver training and testing	% completion of automation for driver testing and training	90% Inception report and first and second mid term reports submitted and accepted.
		Road safety audits and road safety improvement programs	No. of road safety audits conducted	During the FY thirteen RSAs were conducted.

Sensitization Events



Sensitization of boda boda riders Kericho during the month of March and May 2024. A total of 4,000 riders were sensitized during this exercise that was undertaken in all Subcounties in Kericho County.





A medical camp was conducted in the month of March 2024 targeting over 1,000 school drivers from both public and private schools



Sensitization of market vendors at Awasi and Nyamasaria markets in Kisumu County in October and November 2023



Sensitization of boda boda riders in Nakuru town in January 2024





Sensitization of market vendors in Makueni County in February 2024

Sensitization of school children and provision of reflective bag covers in Nakuru County in January 2024



Sensitization of PSV drivers during the Dere Smart! Campaigns in Nairobi County in Sept 2023





Operationalization of County Transport and Safety Committees (CTSCs)



Nakuru CTSC meeting held in October 2023

Kericho CTSC meeting in February 2024





Kisumu CTSC meeting in March 2024

Development of School Children Curriculum on Road Safety



KICD/NTSA workshop on integration of child road safety content into PP1 to Grade 12 of basic education in Kenya

4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The action targets to initially cover and support six pilot counties out of 47 counties in the country. NTSA will continue with the implementation of interventions and road safety enhancement strategies identified through the project in all the remaining counties to ensure that the project achieves a sustained positive effect.

2. Environmental Performance

The Authority is a responsible entity and is committed to ensuring a safe and clean environment devoid of all forms of pollution. During the period ended 30th June 2024, the Authority undertook a tree planting exercise in selected regional offices and regions to promote tree planting and inculcate the culture of afforestation among its key player commonly known as Public Service vehicle.

To address reduction of carbon emission by unroadworthy vehicles, the Authority with support from key development partners which include the World bank and the European Union has commenced and partially rolled out within its inspection centres, a component of assessing the level of carbon emission for vehicles under inspection. It is anticipated that as this initiative will go a long way in mitigating the air pollution and in effect contribute to environmental preservation and sustainability.

3. Employee welfare

The Authority's hiring process is guided by the Human Resource Policies & Procedure manual which in itself is aligned to the Public Service Polices and Employment Act,2007. Moreover, the Authority has in place the Gender & Disability Mainstreaming policies and committees which is used to promote affirmative action on matters Gender and disability in recruitment.

Members of staff are eligible and are in fact trained as part of career progression and capacity building. The Authority has put in place a Career Progression Manual which informs actions taken under staff progression and rewards system. Further, appraisals are done semi-annual and the same has continuously been used as basis for promotion.

As a matter of compliance, the Authority has in place a fully trained committee to deal with matters occupational safety & health at the workplace in accordance with the Occupational Safety and Health Act of 2007, (OSHA.)

The hiring process under the project is guided by the NTSA Human Resources manual and procedures. Staff under the project are also appraised periodically in line with Government procedure, this is undertaken at least twice a year.

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible Supply chain and supplier relations-

Through adherence to the Public Procurement and Disposals Act 2015 and Public Procurement and Asset Disposal Regulations 2020, the project ensures it maintains responsible supplier relations and payment practices by ensuring compliance to credit terms as set out in the various engagements/contracts.

b) Responsible ethical practices

The project ensures and maintains ethical and anti- corruption practices and responsible political involvement through adherence to set laws and regulations. In addition the Authority has Integrity Assurance Officers and a Corruption Prevention Committee that reports to the Ethics and Anti-Corruption Commission on a quarterly basis.

c) Regulatory impact assessment

The project ensures the rights of citizens and stakeholders are safeguarded during its implementation.

5. Community Engagements

The project targets to improve the livelihoods of the community through public education and awareness on road safety. This involves distribution of IEC materials to the targeted groups under the project that includes pedestrians, youth, school children, motorcyclists amongst other key groups.

5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Director General for the National Transport and Safety Authority (NTSA) and the Head-Project Management team for Safe Roads / Usalama Barabarani project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2024.

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

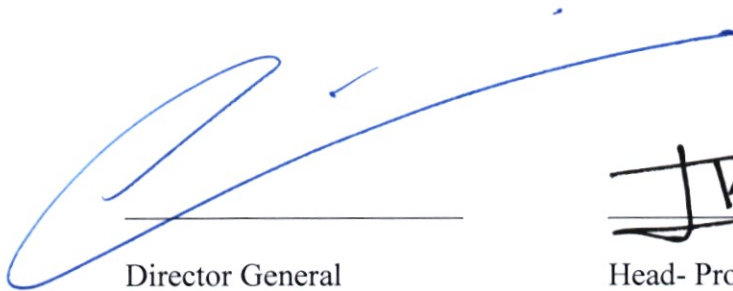
The Director General for the National Transport and Safety Authority and the Head-Project management team for Safe Roads / Usalama Barabarani project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General for the National Transport and Safety Authority and the Head- Project management team for Safe Roads / Usalama Barabarani project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2024, and of the Project's financial position as at that date. The Director General for National Transport and Safety Authority and the Head of Project management team for Safe Roads / Usalama Barabarani project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Director General for the National Transport and Safety Authority and the Head-Project management team for Safe Roads / Usalama Barabarani project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements


The Project financial statements were approved by the Director General for National Transport and Safety Authority and the Head-Project management team for Safe Roads / Usalama Barabarani project on 30th June, 2024 and signed by them



Director General
George Njao



Head- Project Management Team
Duncan Kibogong



Grants Manager
Michael Chege
ACCA 1721196

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REPORT OF THE AUDITOR-GENERAL ON SAFE ROADS/USALAMA BARABARANI PROGRAMME GRANT NUMBER KE/FED/037-778 FOR THE YEAR ENDED 30 JUNE, 2024 – NATIONAL TRANSPORT AND SAFETY AUTHORITY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Safe Roads/Usalama Barabarani Programme set out on pages 1 to 20, which comprise the statement of financial assets as at 30 June, 2024 and the statement of receipts and payments,

Report of the Auditor-General on Safe Roads/Usalama Barabarani Programme Grant No. KE/FED/037-778 for the year ended 30 June, 2024 - National Transport and Safety Authority

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Safe Roads/Usalama Barabarani Programme Grant No.KE/FED/037-778 as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement No. FED/2019/406-074 between the European Commission and the Republic of Kenya dated 25 April, 2019.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Safe Roads/Usalama Barabarani Programme 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.

Emphasis of Matter

Undrawn Loan Balance

Section 2.7 of the funding summary indicates that the Project is for a duration of 5½ years from 01 March 2020 to August 2025, with an approved budget of EUR 5,375,000, which is equivalent to Kshs.754,171,625. As at 30 June 2024, the Project had operated for 4 ½ years or 82 % of the project period. However, an amount of Kshs.483,378,573, or 64% of the total commitments had already been drawn, leaving an undrawn balance of Kshs.270,793,052 or 36% to be drawn within the remaining 1 year to the end of the Project period. Further, out of the total funds drawn of Kshs.483,378,573, only an amount of Kshs.382,602,912 had been utilized as at 30 June, 2024, while the balance of Kshs.100,775,661 or 21% remained unutilized. In addition, out of the total commitment of counterpart funding of Kshs.150,834,325, only an amount of Kshs.42,277,920, or 28% had been received as at 30 June, 2024 which is significantly low compared to the Project implementation period lapse of 81%. The absorption rate of the funds is slow, an indication that the Project may not be completed within the remaining one-year period.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Emphasis of Matter and under the Report Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

The Management is responsible for the other information set out on page iii to xviii which comprise of Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Safe Roads/Usalama Barabarani Programme'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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Financing Agreement, I report based on my audit that I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion:

- i. Information given in the Project Management on pages viii to xviii is consistent with the financial statements;
- ii. Adequate accounting records have been kept by the Project, so far as appears from examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. 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 (Cash Basis) and for maintaining effective internal controls as the 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, the Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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, the Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 November, 2024

7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30th JUNE 2024

Description	Note	2023/2024		2022/2023		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payments controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Transfer from Government entities	1	27,752,635		4,341,481	-	42,147,086
Proceeds from domestic and foreign grants	2	174,780,465		-	-	441,100,654
TOTAL RECEIPTS		202,533,100	-	4,341,481	-	483,247,739
PAYMENTS						
Compensation of employees	3	12,835,573		13,348,909	-	50,856,767
Purchase of Goods and Services	4	204,504,422		40,272,135		295,692,133
Acquisition of non-financial assets	5	-		21,111		23,586,015
TOTAL PAYMENTS		217,339,995	-	53,642,156	-	370,134,914
SURPLUS/(DEFICIT)		(14,806,895)	-	(49,300,674)	-	113,112,825

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

Director General
George Njao

Head-Project Management Team
Dr. Duncan Kibogong

Grants Manager
Michael Chege
ACCA 1721196

Date


Date

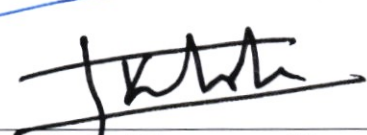
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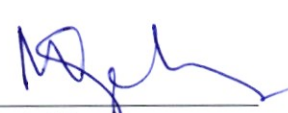
8. STATEMENT OF FINANCIAL ASSETS AS AT 30th JUNE 2024

Description	Note	2023-2024	2022-2023
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	6	106,607,363	34,540,551
Total Cash and Cash Equivalents		106,607,363	34,540,551
Imprests and Advances	7	6,881,978	93,755,684
TOTAL FINANCIAL ASSETS		113,489,341	128,296,235
REPRESENTED BY			
Fund balance b/fwd	8	128,296,235	177,596,910
Surplus/(Deficit) for the year		(14,806,895)	(49,300,674)
NET FINANCIAL POSITION		113,489,341	128,296,235

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 20/09 2024 and signed by:


Director General
George Njao



Head Project Management Team
Dr. Duncan Kibogong


Grants Manager
Michael Chege
ACCA 1721196

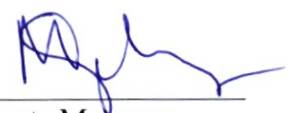
9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2024

		2023-2024	2022-2023
	Note	KShs	KShs
Receipts from operating activities			
Transfer from Government entities	1	27,752,635	4,341,481
Proceeds from domestic and foreign grants	2	174,780,465	-
Payments from operating activities			
Compensation of employees	3	12,835,573	13,348,909
Purchase of Goods and Services	4	204,504,422	40,272,135
Adjustments during the year			
Decrease/(Increase) in Accounts Receivable	9	86,873,706	(80,637,523)
Net cash flow from operating activities		72,066,811	(129,917,086)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	-	21,111
Net cash flows from Investing Activities		-	21,111
CASHFLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities			-
NET INCREASE IN CASH AND CASH EQUIVALENT		72,066,811	(129,938,197)
Cash and cash equivalent at BEGINNING of the year		34,540,551	164,478,749
Cash and cash equivalent at END of the year		106,607,363	34,540,551

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Safe Roads/Usalama Barabarani project's financial statements were approved on 20/09 2024 and signed by:


Director General
George Njao

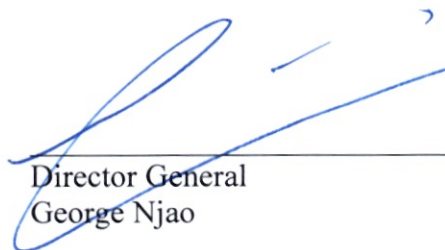

Head-Project Management Team
Dr. Duncan Kibogong

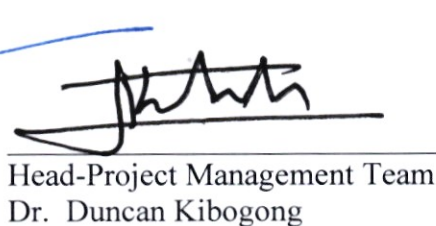

Grants Manager
Michael Chege
ACCA 1721196

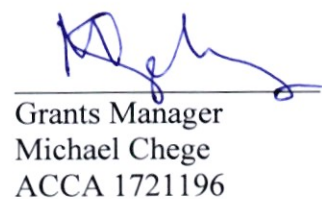
10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024

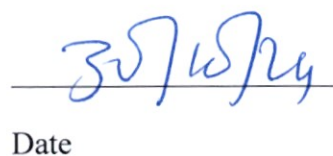
Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	30,000,000	-	30,000,000	27,752,635	2,247,365	93%
Proceeds from domestic and foreign grants	261,136,159	(84,136,159)	177,000,000	174,780,465	2,219,535	99%
Total Receipts	291,136,159	(84,136,159)	207,000,000	202,533,100	4,466,900	98%
Payments					-	
Compensation of employees	24,378,102	(11,000,000)	13,378,102	12,835,573	542,529	96%
Purchase of goods and services	264,493,837	(71,136,159)	193,357,678	204,504,422	(11,146,744)	106%
Acquisition of non-financial assets	2,264,220	(2,000,000)	264,220	-	264,220	0%
Total Payments	291,136,159	(84,136,159)	207,000,000	217,339,995	(10,339,995)	105%
SURPLUS/(DEFICIT)	0	0	0	(14,806,895)	14,806,895	

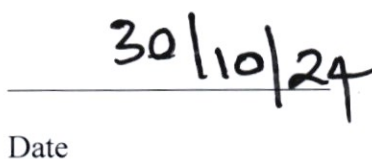
Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 2** to these financial statements.

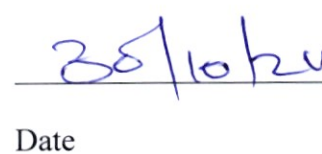

 Director General
 George Njao


 Head-Project Management Team
 Dr. Duncan Kibogong


 Grants Manager
 Michael Chege
 ACCA 1721196


 Date


 Date


 Date

11. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for the Project Safe Roads/Usalama Barabarani under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

c) Reporting currency

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

Significant Accounting Policies (Continued)

d) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

Significant Accounting Policies (Continued)

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as

Significant Accounting Policies (Continued)

receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

g) Cash and cash equivalents

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

h) Restriction on cash

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

i) Receivables, Imprests and Advances

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

Significant Accounting Policies (Continued)

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

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

The Usalama Barabarani project 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.

Annex 5 of this financial statement is a register of the contingent liabilities in the year.

k) Contingent Assets

The Usalama Barabarani project does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Usalama Barabarani project in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Significant Accounting Policies (Continued)

l) Pending bills

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

m) Budget

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

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

Significant Accounting Policies (Continued)

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, no direct payments from third parties were made.

o) Exchange rate differences

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

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior period adjustments made.

12. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM GOVERNMENT ENTITIES

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

	2023/24	2022/23	Cumulative to-date(from inception)
	KShs	KShs	
<i>Counterpart funding through National Transport and Safety Authority</i>			
Counterpart funds Quarter 1	1,370,933	1,014,570	4,591,066
Counterpart funds Quarter 2	988,941	1,003,731	4,981,125
Counterpart funds Quarter 3	14,124,705	964,475	17,391,679
Counterpart funds Quarter 4	11,268,056	1,358,705	15,183,215
Total	<u>27,752,635</u>	<u>4,341,481</u>	<u>42,147,086</u>

The above represents counterpart funding from the National Transport and Safety Authority. This was mainly used to finance personnel and fuel costs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the period to 30th June 2024, we received grants from donors as follows:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2023/24	2022/23
		EUR	KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
	30.4.2024	1,245,665	174,780,465			174,780,465	
Total						174,780,465	-

3. COMPENSATION OF EMPLOYEES

	2023/24			2022/23	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
-	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	7,498,760		7,498,760	6,900,958	26,090,724
Personal allowances paid as part of salary	4,353,311		4,353,311	5,379,709	20,721,033
Pension and other social security contributions	983,502		983,502	1,068,242	4,045,010
Total	<u>12,835,573</u>	=	<u>12,835,573</u>	<u>13,348,909</u>	<u>50,856,767</u>

4. PURCHASE OF GOODS AND SERVICES

	2023/24			2022/23	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
-	KShs	KShs	KShs	KShs	KShs
Printing, advertising and information supplies	107,903,382		107,903,382	21,739,536	174,377,152
Hospitality supplies and services	10,880,802		10,880,802	3,617,320	15,097,359
Domestic travel and subsistence	6,813,900		6,813,900	7,344,700	17,844,175
Contracted professional services	50,674,748		50,674,748	5,968,219	56,642,967
Routine maintenance – vehicles and other transport equipment	1,970,409		1,970,409	1,441,126	5,251,207
Training	25,944,280		25,944,280	-	25,944,280
Hire of Transport	252,479		252,479	105,030	357,509
Bank Charges	64,422		64,422	56,205	177,484
Total	<u>204,504,422</u>	=	<u>204,504,422</u>	<u>40,272,135</u>	<u>295,692,133</u>

5. Acquisition of non-financial assets

	2023/24			2022/23	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
-	KShs	KShs	KShs	KShs	KShs
Purchase of vehicles & other transport equipment	-		-	-	21,708,000
Purchase of office furniture & general equipment	-		-	21,111	1,878,015
Total	=	=	=	<u>21,111</u>	<u>23,586,015</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 CASH AND CASH EQUIVALENTS

	2023/24	2022/23
	KShs	KShs
Bank Accounts	106,607,363	34,540,551

The project has one project account within the project implementation area and one foreign currency designated accounts managed by the National Treasury as listed below:

6 A. Bank Accounts

	2023/24	2022/23
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No. 1000426896]	-	0
Total Foreign Currency balances	=	<u>0</u>
<u>Local Currency Accounts</u>		
Kenya Commercial Bank [A/c No 1266570756]	106,607,363	34,540,551
Total Local Currency balances	<u>106,607,363</u>	<u>34,540,551</u>
Total bank account balances	<u>106,607,363</u>	<u>34,540,551</u>

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

	2023/24	2022/23
	EUR	EUR
Central Bank of Kenya [A/c No. 1000426896]		
Opening balance	-	-
Total amount deposited in the account	1,253,665	-
Total amount withdrawn (as per Statement of Receipts & Payments)	1,245,665	-
Closing balance (as per SDA bank account reconciliation attached)	8,000	=

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Annex 3* support these closing balances.

7 IMPRESTS AND ADVANCES

	2023/24	2022/23
	KShs	KShs
National Transport and Safety Authority	-	80,952,005
Kenya Institute of Curriculum Development	6,881,978	12,803,679
Total Accounts Receivable	6,881,978	93,755,684

8 FUND BALANCE BROUGHT FORWARD

	2023/24	2022/23
	KShs	KShs
Bank Accounts	34,540,551	164,478,749
Imprests and Advances	93,755,684	13,118,161
Total Balance Brought Forward	128,296,235	177,596,910

9. CHANGE IN ACCOUNTS RECEIVABLE

	2023/24	2022/23
	KShs	KShs
Opening Receivables as at 1 st July 2023	93,755,684	-13,118,161
Closing account receivables as at 30 th June 2024	6,881,978	93,755,684
Change in Receivables	86,873,706	- 80,637,523.1

13. ANNEXES

ANNEX 1 - PRIOR YEAR AUDITOR-GENERAL'S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FY 2021/22	Undisclosed Receipts	The receipt of Kshs. 48,650,000 relates to Government of Kenya recurrent grant received from the State Department of Interior inadvertently transferred to the project account as opposed to the Authority's main operations account. The receipt was not related to the Usalama Barabarani project hence the lack of inclusion in the statement of receipts and payments for the project. These funds are accounted for in the Authority's main financial statements.	Not Resolved	30 th June 2024
FY 2021/22	Project performance and sustainability As at 30 th June 2022 (twenty-seven months later), the total amount received as GOK counterpart	The Authority requested for additional counterpart funding in FY 2022/23 and FY 2023/24. The National Treasury allocated a total of Kshs. 20 Million in	Not Resolved	30 th June 2024

• *Safe Roads/Usalama Barabarani*
Annual Report and Financial Statements for the Financial Year ended June 30, 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>financing was Kshs. 10,052,969.00 equivalent to 7.4% of the expected contribution. In the circumstances, It is not possible to ascertain whether the Government will meet its contractual obligation within the stipulated project period.</p>	<p>the FY 2023/24 out of the Kshs. 97 Million that had been requested.</p>		
FY 2021/22	Under-utilized funds	<p>The Authority proposed a project addendum that changed the methods of project implementation to ensure efficient delivery of set objectives. The addendum was approved and signed in the last month (March 2022) of quarter 3 and the European Union funding disbursed during the same month. The delays in the addendum approval and disbursements of funds resulted in late initiation of the procurement process for project consultancies. Majority of the procurements have since been concluded</p>	Not Resolved	30 th June 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		and the funds are expected to be fully absorbed within the project implementation period. The consultancies are mostly short-term ranging from 3 to 12 months and are envisaged to be fully completed to meet the planned objectives in time.		
FY 2021/22	Use of Donor Funds for Unintended Purpose	The payments relate to the erroneously transferred amount of Kshs. 48,650,000 from the State Department of Interior and Citizen Services. The payments made were utilised to net off the transfer from the State Department.	Not Resolved	30 th June 2024

ANNEX 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR FY 2023/2024

Revenue/Expense Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	30,000,000	27,752,635	2,247,365	93%	The 106% absorption was as a result of accelerated activities to make up for lost project time in the initial project implementation years. The project utilized fund balances brought forward from the previous FY to offset the additional expenditure.
Proceeds from domestic and foreign grants	177,000,000	174,780,465	2,219,535	99%	
Total Receipts	207,000,000	202,533,100	4,466,900	98%	
Payments			-		
Compensation of employees	13,378,102	12,835,573	542,529	96%	
Purchase of goods and services	193,357,678	204,504,422	(11,146,744)	106%	
Acquisition of non-financial assets	264,220	-	264,220	0%	
Total Payments	207,000,000	217,339,995	(10,339,995)	105%	

ANNEX 3: RECONCILIATION OF INTER-ENTITY TRANSFERS

SPECIAL ACCOUNT STATEMENT	
For period ending	30TH JUNE, 2024
Account No.	1000426896
Depository Bank	CENTRAL BANK OF KENYA
Address	
Related Loan	SUPPORT TO KENYA ENERGY AND TRANSP
Credit Agreement	
Currency	EUR
<u>Account Activity</u>	
Beginning balance of 1ST July, 2023 as per C.B.K. Ledger Account	-
Add:	
Total Amount deposited by World Bank	1,253,664.74
Total Interest earnings if deposited in account	-
Total amount refunded to cover ineligible expenditure	-
Deduct:	
Total amount withdrawn	1,245,664.74
Total service charges if not included above in amount withdrawn	-
Ending balance on 30th June, 2024	8,000.00
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: <i>[Signature]</i>
	DATE: <i>01-08-2024</i>
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: <i>[Signature]</i>
	DATE: <i>02-08-2024</i>

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Opening Cost	Donations in form of assets	*Purchases/ Additions in the Year	**Disposals in the Year	Transfers in/(out)	Closing Cost
	(KShs)	(KShs)	(KShs)	(KShs)	(KShs)	(KShs)
	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Motor Vehicles	21,708,000	-	-	-	-	21,708,000
Office equipment, furniture and fittings	1,878,015	-	-	-	-	1,878,015
Total	23,586,015	-	-	-	-	23,586,015

ANNEX 5 – OTHER SUPPORTING DOCUMENTS