

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

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THE AUDITOR-GENERAL

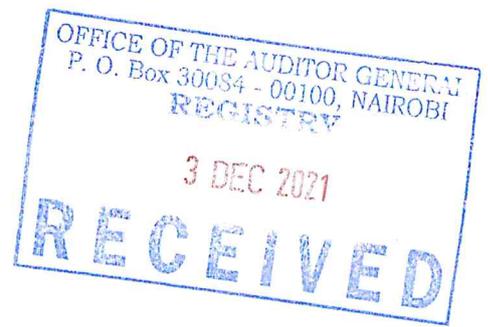
ON

REGIONAL MOMBASA PORT ACCESS ROAD  
PROJECT (LOAN NO.27459, CREDIT NO. 84010  
AND GRANT NO. 202061919)

FOR THE YEAR ENDED  
30 JUNE, 2021

KENYA NATIONAL HIGHWAYS AUTHORITY





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



**Kenya National Highways Authority**

Quality Highways, Better Connections

PROJECT NAME: REGIONAL MOMBASA PORT ACCESS ROAD PROJECT

IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY

PROJECT LOAN NUMBER (KfW): 27459  
PROJECT GRANT NUMBER (KfW): 202061919  
PROJECT CREDIT NUMBER (EIB): 84010

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ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2021

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



# REGIONAL MOMBASA PORT ACCESS ROAD PROJECT

## Reports and Financial Statements

For the financial year ended June 30, 2021

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# REGIONAL MOMBASA PORT ACCESS ROAD PROJECT

*Reports and Financial Statements  
For the financial year ended June 30, 2021*

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## 1. PROJECT INFORMATION AND OVERALL PERFORMANCE

### 1.1 Name and registered office

Regional Mombasa Port Access Road Project

#### **Objective:**

The road forms part of the National Highway A109 between Mombasa and Nairobi. It is also an important link in the Northern Corridor in East Africa, which provides crucial access between the port in Mombasa and Nairobi, Uganda, Rwanda, Burundi and the Democratic Republic of Congo (DRC). Furthermore, the road serves Southern Sudan since its independence and may play an increasingly important role for the country's economic development in the future.

The specific objective of the Project is to improve transport of import and export goods and passengers traffic along the Northern Corridor. The Project will also contribute towards restoring the road network and improving economic and social welfare of people living in urban, peri-urban and rural areas along the project road.

**Address:** Barabara Plaza  
Jomo Kenyatta International Airport (JKIA) off Mazao Road  
Nairobi Kenya

#### **Contacts:**

Director General  
Kenya National Highways Authority  
Po Box 49712-00100  
Nairobi  
Telephone: (254) 020 495000  
E-mail: dg@Kenha.co.ke  
Website: www.kenha.co.ke

### 1.2 Project Information

Project Start Date:	August, 2017
Project End Date:	December, 2020
Project Engineer	Eng. Charles O. Obuon
Project Sponsor:	European Investment Bank (EIB) Kreditanstalt für Wiederaufbau (KfW) Government of Kenya



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2021**

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works
Project number	
Strategic goals of the project	The strategic goals of the project are as follows: (i) Improve trade and regional integration and contribute to the Government of Kenya's social and economic development. (ii) Enhance social economic development of the people along the project road.
Achievement of strategic goals	Implementation of the project in timely, efficient and effective manner.
Other important background information of the project	This project forms part of the western section of the Mombasa-Mariakani project Lot 2, from west of Kwa Jomvu Interchange (km 11+350) to Mariakani Weighbridge (km 41+640). It mainly includes widening from single 2-way roadway to 4 lanes, realignment of an existing 4 lane section of the road, interchanges, village through-roads, and weighbridge equipment for the 2 weighbridge facilities
Project duration	The project is for duration of 41 months.

**1.4 Bankers**

Co-operative Bank of Kenya  
 Upper Hill Branch  
 Po Box  
 Nairobi.  
 Account No.01141160979900

NCBA Bank  
 NIC House, Masaba Road  
 P.O Box 44599-00100,  
 Nairobi  
 A/C No.1005164199  
 A/C No.1005981577  
 A/C No.1005981658

**1.5 Auditors**

Auditor General  
 Office of the Auditor General  
 Po Box 30084-0100,  
 Nairobi.



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2021**

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.6 Roles and Responsibilities**

List of the people who are working on the project.

Names	Title designation	Key qualification	Responsibilities
Eng. David A. Muchilwa	Director-Development	Qualified	Project Implementing Team Leader
Eng. Charles O. Obuon	Deputy Director-Special Projects	Qualified	Project Engineer
Mr. Walter B. Nyatwang'a	Deputy Director Environment & Social Interests	Qualified	Project Safeguards Specialist
Ms. Norah Odingo	Deputy Director-Legal Services	Qualified	Project Legal Specialist
Ms. Rose Oloo	Assistant Director-Social Interests	Qualified	Project Social Development Specialist
Mr. Isaac W. Kamotho	Assistant Director-Finance & Accounts	Qualified	Project Financial Specialist
Ms. Levina K. Wanyonyi	Deputy Director-Supply Chain Management	Qualified	Project Procurement Specialist

**1.7 Funding summary**

The Project is for duration of 41 months from August, 2017 to December, 2020 with an approved budget of EURO 155,000,000 equivalent to Kshs. 18,112,866,000 as highlighted in the table below:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30.06.2021)		Undrawn balance to date (30.06.2021)	
	EURO (A)	Kshs (A')	EURO (B)	Kshs (B')	EURO (A)-(B)	Kshs (A')-(B')
<b>(i) Grant</b>						
KfW	20,000,000	2,337,144,000	683,054	79,819,773	19,316,946	2,257,324,227
<b>(ii) Loan</b>						
KfW	50,000,000	5,842,860,000	-	-	50,000,000	5,842,860,000
European Investment Bank (EIB)	50,000,000	5,842,860,000	-	-	50,000,000	5,842,860,000
<b>(ii) Counterpart funds</b>						
Government of Kenya	35,000,000	4,090,002,000	3,288,065	384,234,120	31,711,935	3,705,767,880
<b>Total</b>	<b>155,000,000</b>	<b>18,112,866,000</b>	<b>3,971,119</b>	<b>464,053,893</b>	<b>151,028,881</b>	<b>17,648,812,107</b>



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2021**

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**B. Application of Funds**

Application of funds	Amount received to date - (30.06.2021)		Cumulative Amount paid to date - (30.06.2021)		Unutilised balance to date - (30.06.2021)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
Frankfurt Am Main(KfW)	683,054	79,819,773	683,054	79,819,773	-	-
<b>(i) Loan</b>						
Frankfurt Am Main(KfW)	-	-	-	-	-	-
European Investment Bank(EIB)	-	-	-	-	-	-
<b>(ii) Counterpart funds</b>						
Government of Kenya(GoK)	3,288,065	384,234,120	3,288,065	384,234,120	-	-
<b>Total</b>	<b>3,971,119</b>	<b>464,053,893</b>	<b>3,971,119</b>	<b>464,053,893</b>	<b>-</b>	<b>-</b>

**1.8 Summary of Overall Project Performance:**

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

Budget	FY 2019/2020		
	Actual	Budget	%
Counterpart Funds - GoK	9,707,050	-	-
Grant (KfW)	-	100,000,000	0%
Loan(KfW)	-	66,457,727	0%
Loan (European Investment Bank)	-	50,000,000	0%
<b>TOTAL</b>	<b>9,707,050</b>	<b>216,457,727</b>	<b>4%</b>

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

The was no physical progress as at 30<sup>th</sup> June, 2021. The procurement process for the supervision consultant and works contractor is on-going.

(c) **Comment on value for money achievements.**

- The project procurement process is conducted through International Competitive Bidding (ICB) which results in excellent value for money.



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**

**Reports and Financial Statements**

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

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

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

**1.9 Summary of Project Compliance:**

There are no significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants, which has been reported.



# REGIONAL MOMBASA PORT ACCESS ROAD PROJECT

## Reports and Financial Statements

For the financial year ended June 30, 2021

### 2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

#### Introduction

The key development objectives of the project are to:

- a) To improve vehicle operating costs and improvement of road safety
- b) To reduce greenhouse gas emissions and improvement of drainage facilities for strengthening the resilience against rain storms with increased intensities.

#### Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were 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:

Objective	Outcome	Indicator	Performance
To improve vehicle operating costs and improvement of road safety	Reduced congestion in Mombasa town. Reduced travel time between Mombasa and Malaba	Increased volume of Import Export trade handled at the port of Mombasa.	Procurement of works contractor ongoing
To reduce greenhouse gas emissions and improvement of drainage facilities for strengthening the resilience against rain storms with increased intensities.	Improved air quality along the project road hence improved health among communities along the project road.	Reduced CO <sub>2</sub> concentration along the project road as a result of reduced traffic congestion	Procurement of works contractor ongoing



### **3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

#### **1. Sustainability strategy and profile**

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

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

#### **2. Environmental performance**

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



### **3. Employee welfare**

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

### **4. Market place practices**

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

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

### **5. Community Engagements**

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

Currently there is no CSR activity being undertaken along the project road. However, the Authority is planning to be involved in various CSR activities geared towards providing the local residents with improved access roads and enhancing learning and playing environment in schools along the project road. To enhance social safeguards in projects, the Authority undertakes Resettlement Action Plan (RAP) studies and implements its recommendations, carries out Social Impact Assessments (SIA), undertakes gender mainstreaming and conduct stakeholders' forum to sensitize the public in several cross cutting issues.



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2021**

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**4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Director General, KeNHA and the Project Implementation Team Leader for Regional Mombasa Port Access Road Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

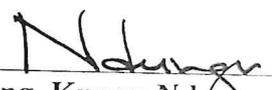
The Director General, KeNHA and the Project Implementation Team Leader for Regional Mombasa Port Access Road Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

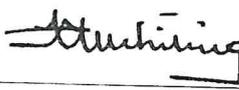
The Director General, KeNHA and the Project Implementation Team Leader for Regional Mombasa Port Access Road Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2021, and of the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader for Regional Mombasa Port Access Road 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, KeNHA and the Project Implementation Team Leader for Regional Mombasa Port Access Road Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit 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, KeNHA and the Project Implementation Team Leader for Regional Mombasa Port Access Road Project on 17 AUG 2021 2021 and signed by them.

  
Eng. Kungu Ndungu  
Director General

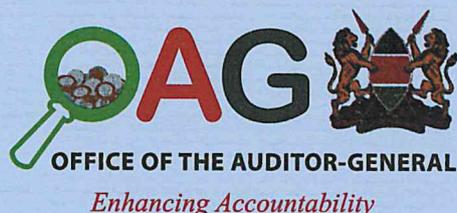
  
Eng. David A. Muchilwa  
Director-Development

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



# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON REGIONAL MOMBASA PORT ACCESS ROAD PROJECT (LOAN NO.27459, CREDIT NO. 84010 AND GRANT NO. 202061919) FOR THE YEAR ENDED 30 JUNE, 2021 - KENYA NATIONAL HIGHWAYS 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, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

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*Report of the Auditor-General on Regional Mombasa Port Access Road Project (Loan No.27459, Credit No. 84010 and Grant No. 202061919) for the year ended 30 June, 2021 - Kenya National Highways Authority*

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of Regional Mombasa Port Access Road Project (Loan No.27459, Credit No. 84010 and Grant No. 202061919) set out on pages 1 to 16 which comprise the statement of financial assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, 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 Regional Mombasa Port Access Road Project (Loan No.27459, Credit No. 84010 and Grant No. 202061919) as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Loan and Grant Financing Agreements between the KfW Frankfurt am Main ("KfW"), European Investment Bank and the Republic of Kenya dated 30 March, 2017, 31 March, 2017 and 28 August, 2017 respectively.

In addition, the special account statement, present fairly the special account transactions and the closing balance has been reconciled with the books of account.

### Basis for Opinion

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

### Key Audit Matters

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

### Other Matter

#### 1. Unsupported Budget Amounts

The statement of comparative budget and actual amounts reflects Kshs.10,000,000 and Kshs.206,457,727 as the budget for purchase of goods and services and acquisition of

non-financial assets respectively. However, these two amounts could not be traced in the approved budget under the budget line items of purchase of goods and services and acquisition of non-financial assets.

It was therefore not clear how the budget figures in the statement of comparative budget and actual amounts for the Project were arrived at.

## **2. Delay in Project Implementation**

As previously reported, Note 1.7 to the annual report and financial statements on funding indicates the Project implementation period as 41 months commencing August, 2017 to December, 2020. The total Project commitment from Development Partners and counterpart funding from the Government of Kenya amount to Kshs.18,112,866,000. However as at 30 June, 2021, an amount of Kshs.464,053,893 (2.6%) had been drawn leaving a balance of Kshs.17,648,812,107 as undrawn balance.

Although Management has indicated that the procurement of the civil works contract has been done and awaiting the European Investment Bank's no objection, there is minimal progress in implementation of the Project, which increases the risk of the Project not realizing the envisaged objectives with the continued delay in implementation.

## **3. Pending Bills**

Note 12.1 to the financial statements reflects pending accounts payable totalling Kshs.15,028,891 as at 30 June, 2021. Management has not provided reasons for non-payment of the bills even though the Project is at risk of incurring significant interest costs and penalties with the continued delay in making payments.

Failure to settle bills during the year in which they relate adversely affects the provisions for the subsequent year as they form the first charge.

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### Conclusion

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

### Basis for Conclusion

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by KfW Frankfurt am Main ("KfW"), I report based on my audit, that:

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

### Responsibilities of Management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

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

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

30 November, 2021



Reports and Financial Statements  
For the financial year ended June 30, 2021

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2021

	Note	FY 2020/21		FY 2019/20		Total	Payments Made by Third Parties	Total	Cumulative to date
		Receipts & Payments Controlled by the Entity	Payments Made by Third Parties	Receipts & Payments Controlled by the Entity	Payments Made by Third Parties				
<b>RECEIPTS</b>									
Transfer from Government entities	1	9,707,050	-	204,927,691	-	204,927,691	-	204,927,691	384,234,120
Grants from External Development Partners	2	-	-	-	-	-	-	23,513,177	79,819,773
Loans from External Development Partners	3	-	-	-	-	-	-	-	-
<b>TOTAL RECEIPTS</b>		<b>9,707,050</b>	<b>-</b>	<b>204,927,691</b>	<b>-</b>	<b>204,927,691</b>	<b>23,513,177</b>	<b>228,440,868</b>	<b>464,053,893</b>
<b>PAYMENTS</b>									
Purchase of goods and services	4	9,707,050	-	3,310,644	-	3,310,644	-	3,310,644	16,116,709
Acquisition of non-financial assets	5	-	-	201,617,047	-	201,617,047	23,513,177	225,130,224	447,937,184
<b>TOTAL PAYMENTS</b>		<b>9,707,050</b>	<b>-</b>	<b>204,927,691</b>	<b>-</b>	<b>204,927,691</b>	<b>23,513,177</b>	<b>228,440,868</b>	<b>464,053,893</b>
<b>SURPLUS/DEFICIT FOR THE YEAR</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

  
Eng. Kungu Ndungu  
Director General

17 AUG 2021

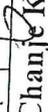
Date



Eng. David A. Muchilwa  
Director-Development

17 AUG 2021

Date

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

17 AUG 2021

Date



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
**Reports and Financial Statements**  
**for the financial year ended June 30, 2021**

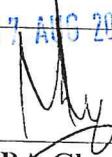
**7. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2021**

	Note	FY 2020/21	FY 2019/20
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances		-	-
Cash Balances		-	-
Cash Equivalents (short-term deposits)		-	-
<b>Total Cash and Cash Equivalents</b>		-	-
Accounts Receivables		-	-
<b>TOTAL FINANCIAL ASSETS</b>		-	-
<b>FINANCIAL LIABILITIES</b>			
Payables- Deposits and Retentions		-	-
<b>NET ASSETS</b>		-	-
<b>REPRESENTED BY</b>			
Fund balance b/fwd		-	-
Prior year adjustments		-	-
Surplus/(Deficit) for the year		-	-
<b>NET FINANCIAL POSITION</b>		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 17 AUG 2021 2021 and signed by:

\_\_\_\_\_  
 Eng. Kungu Ndungu  
 Director General

\_\_\_\_\_  
 Eng. David A. Muchilwa  
 Director-Development

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

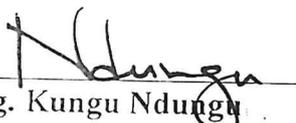


**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
**Reports and Financial Statements**  
**for the financial year ended June 30, 2021**

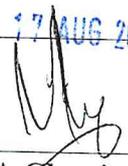
**8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021**

		FY 2020/2021	FY 2019/2020
		Kshs	Kshs
<b>Receipts for operating income</b>			
Transfer from Government entities	1	9,707,050	204,927,691
Proceeds from domestic and foreign grants	2	-	23,513,177
<b>Payments for operating expenses</b>			
Purchase of goods and services	4	(9,707,050)	(3,310,644)
<b>Net cash flow from operating activities</b>		-	<b>225,130,224</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	5	-	(225,130,224)
<b>Net cash flows from Investing Activities</b>		-	<b>(225,130,224)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3	-	-
<b>Net cash flow from financing activities</b>		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		-	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 17 AUG 2021 2021 and signed by:

  
 Eng. Kungu Ndungu  
 Director General

  
 Eng. David A. Muchilwa  
 Director-Development

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



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**

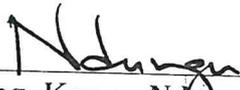
**Reports and Financial Statements**

For the financial year ended June 30, 2021

**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

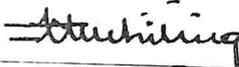
Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Var
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfer from Government entities	120,000,000	(120,000,000)	-	9,707,050	(9,707,050)	-
Proceeds from Grants-KfW	400,000,000	(300,000,000)	100,000,000	-	100,000,000	0%
Proceeds from Loans-KfW	510,140,253	(443,682,526)	66,457,727	-	66,457,727	0%
Proceeds from Loans-EIB	930,000,000	(880,000,000)	50,000,000	-	50,000,000	0%
<b>Total Receipts</b>	<b>1,960,140,253</b>	<b>(1,743,682,526)</b>	<b>216,457,727</b>	<b>9,707,050</b>	<b>206,750,677</b>	<b>4%</b>
<b>Payments</b>						
Purchase of goods and services	10,000,000	-	10,000,000	9,707,050	292,950	97%
Acquisition of non-financial assets	1,950,140,253	(1,743,682,526)	206,457,727	-	206,457,727	0%
<b>Total Payments</b>	<b>1,960,140,253</b>	<b>(1,743,682,526)</b>	<b>216,457,727</b>	<b>9,707,050</b>	<b>206,750,677</b>	<b>4%</b>

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

  
 Eng. Kungu Ndungu  
 Director General

Date

17 AUG 2021

  
 Eng. David A. Muchilwa  
 Director-Development

Date

17 AUG 2021

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

Date

17 AUG 2021



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**

**Reports and Financial Statements**

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

**10. SIGNIFICANT ACCOUNTING POLICIES**

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

**10.1 Basis of Preparation**

**10.2 Statement of compliance and basis of preparation**

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

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

**10.3 Reporting entity**

The financial statements are for Regional Mombasa Port Access Road Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

**10.3.1 Reporting currency**

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

**10.4 Significant Accounting Policies**

**a) Recognition of receipts**

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

**i) Transfers from the Exchequer**

Transfer from Exchequer is 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.



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**

**Reports and Financial Statements**

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

**Significant Accounting Policies (Continued)**

**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.

**b) 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.

**c) 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.

**d) 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.



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**

**Reports and Financial Statements**

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

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**Significant Accounting Policies (Continued)**

**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.

**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.



**Significant Accounting Policies (Continued)**

**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 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.

**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.

**h) Accounts receivable**

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



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**

**Reports and Financial Statements**

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

**Significant Accounting Policies (Continued)**

**i) 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 entity; 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 Entity 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.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

**j) Contingent Assets**

The Entity 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 Entity 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)**

**k) 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

**Significant Accounting Policies (Continued)**

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.

**l) 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.

**m) 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.



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
**Reports and Financial Statements**  
**for the financial year ended June 30, 2021**

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**Significant Accounting Policies (Continued)**

During the year no loan or grant disbursements were received in form of direct payments from third parties.

**n) 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.

**o) 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.

**p) 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, 2021

**q) Errors**

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



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**

*Reports and Financial Statements*

for the financial year ended June 30, 2021

**11. NOTES TO THE FINANCIAL STATEMENTS**

**1. RECEIPTS FROM GOVERNMENT OF KENYA**

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

	2020/21	2019/20	Cumulative
	Kshs	Kshs	to-date
<b>Counterpart funding through Ministry of Transport and Infrastructure</b>			
Counterpart funds Quarter 1	1,307,900	201,491	1,530,976
Counterpart funds Quarter 2	5,956,865	1,345,863	7,469,533
Counterpart funds Quarter 3	2,366,685	203,380,337	372,933,176
Counterpart funds Quarter 4	75,600	-	2,300,435
<b>Total</b>	<b>9,707,050</b>	<b>204,927,691</b>	<b>384,234,120</b>

**2. PROCEEDS FROM FOREIGN GRANTS**

During the 12 months to 30 June 2021 we received grants from donor(s) as detailed in the table below;

Name of Donor	Amount in Donor currency	Grants received in cash	Grants received as direct payment	Total amount in Kshs	
	USD	Kshs	Kshs	FY 2020/21	FY 2019/20
				Kshs	Kshs
<b>Grants Received from Multilateral Donors</b>					
KfW	-	-	-	-	23,513,177
<b>Total</b>	-	-	-	-	<b>23,513,177</b>

**3. PROCEEDS FROM FOREIGN LOANS**

During the 12 months to 30 June 2021 we did not receive funding from development partners in form of loans negotiated by the National Treasury donors. (Financial Year 2019/2020, Nil)



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
**Reports and Financial Statements**  
**for the financial year ended June 30, 2021**

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

**4. PURCHASE OF GOODS AND SERVICES**

Item	FY 2020/21			FY 2019/20	Cumulative to Date
	Payments Made by the Entity in Cash	Payments Made by Third Parties	Total Payments		
	KSh	KSh	KSh	KSh	KSh
Domestic Travel & Subsistence	9,707,050	-	9,707,050	2,315,570	14,751,520
Hospitality Supplies	-	-	-	117,491	388,606
Printing, Adverts & Information Supplies	-	-	-	877,583	976,583
Utility Supplies & Services	-	-	-	-	-
<b>Total</b>	<b>9,707,050</b>	<b>-</b>	<b>9,707,050</b>	<b>3,310,644</b>	<b>16,116,709</b>

**5. ACQUISITION OF NON-FINANCIAL ASSETS**

Item	FY 2020/21			FY 2019/20	Cumulative to date
	Payments Made by the Entity in Cash	Payments Made by Third Parties	Total Payments		
	KSh	KSh	KSh	Kshs	Kshs
Research, studies, project preparation, design & supervision	-	-	-	36,284,399	92,590,995
Acquisition of land	-	-	-	188,845,825	355,346,189
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225,130,224</b>	<b>447,937,184</b>

**6. ACCOUNTS PAYABLES - RETENTIONS**

There were no retentions in Financial Year 2020/2021. (Financial Year 2019/2020, Nil)



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
**Reports and Financial Statements**  
 For the financial year ended June 30, 2021

**12. OTHER IMPORTANT DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (See Annex 3A)**

Description	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/21
	Kshs	Kshs	Kshs	Kshs
Construction of civil works	-	-	-	-
Lands Compensation	15,028,891	-	-	15,028,891
Supply of services	-	9,707,050	9,707,050	-
<b>Total</b>	<b>15,028,891</b>	<b>9,707,050</b>	<b>9,707,050</b>	<b>15,028,891</b>

**2. EXTERNAL ASSISTANCE**

*a) External assistance relating to loans and grants*

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	23,513,177
<b>Total</b>	<b>-</b>	<b>23,513,177</b>

*b) Undrawn external assistance*

Description	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
		Kshs	Kshs
Undrawn external assistance - loans	Road works & consultancy services	11,685,720,000	11,685,720,000
Undrawn external assistance - grants	Consultancy services, Goods & Services	2,257,324,227	2,257,324,227
<b>Total</b>		<b>13,943,044,227</b>	<b>13,943,044,227</b>

*c) Classes of providers of external assistance*

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Multilateral donors	-	23,513,177
<b>Total</b>	<b>-</b>	<b>23,513,177</b>

*External assistance for roads upgrading, design & supervision consultancy services.*



**REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**  
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**OTHER IMPORTANT DISCLOSURES (Continued)**

*d) Purpose and use of external assistance*

Description	FY 2020/2021	FY 2019/2020
Acquisition of Assets	Kshs	Kshs
<b>Total</b>	-	23,513,177
	-	23,513,177

*e) External Assistance paid by Third Parties on behalf of the Entity by Source*

*This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity*

Description	FY 2020/2021	FY 2019/2020
Multilateral donors	Kshs	Kshs
<b>Total</b>	-	23,513,177
	-	23,513,177



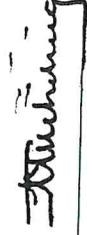
**13. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
KeNHA/Regional-MBS Port/2019/2020(18)	Note 11.1 to the financial statements reflects pending bills totalling Kshs 15,028,891 as at 30 June 2020. Failure to settle bills during the year in which they relate affects the budgetary provisions for the subsequent year.	Pending bills arise due to inadequate budgetary provisions coupled with delayed Exchequer releases to facilitate prompt contractual payments. The Authority will continue liaising with the National Treasury through the line Ministry to facilitate prompt and adequate funding of projects	Eng. Charles Obuon	Continuous	Continuous
KeNHA/Regional-MBS Port/2019/2020(18)	Note 1.7 to the annual report on funding indicates the project implementation period as 41 months commencing August 2017 to December 2020. The total project commitment from Development Partners & counterpart funding from the Government of Kenya amounts to Kshs 18,112,866,000 with only Kshs 454,346,843 (2.56%) having been drawn as at 30 June 2020.	The Authority through the Parent Ministry has sought for extension of the loan period.	Eng. Charles Obuon	Awaiting approval by Development Partners	Awaiting approval by Development Partners

  
 Eng. Kungu Ndung'u  
 Director General

17 AUG 2021  
 Date

  
 Eng. David A. Muchilwa  
 Director-Development

17 AUG 2021  
 Date



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**14. ANNEXES**

**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	Final Budget	Actual on Comparable Basis	Budget Utilisation Variance	% of Utilisation Variance to Final Budget	Comments on Variance
	a	b	c=a-b	d=b/a %	
<b>RECEIPTS DURING THE YEAR/PERIOD</b>					
Government of Kenya	-	9,707,050	(9,707,050)	-	Budget reduction after expenditure
External financing	216,457,727	-	216,457,727	-	Procurement for works and supervision underway
<b>TOTAL RECEIPTS</b>	<b>216,457,727</b>	<b>9,707,050</b>	<b>206,750,677</b>	<b>4%</b>	
<b>PAYMENTS DURING THE YEAR/PERIOD</b>					
Purchase of goods and services		9,707,050			Procurement for works and supervision underway
Acquisition of non-financial assets	216,457,727	-	206,750,677	4%	
<b>TOTAL PAYMENTS</b>	<b>216,457,727</b>	<b>9,707,050</b>	<b>206,750,677</b>	<b>4%</b>	

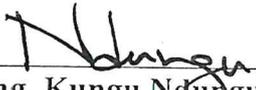


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**ANNEX 2 – RECONCILIATION OF INTER-ENTITY TRANSFERS**

	<b>PROJECT NAME:</b>	<b>REGIONAL MOMBASA PORT ACCESS ROAD PROJECT</b>		
	<b>Break down of Transfers from the State Department of Infrastructure</b>			
<b>a.</b>	<b>Government Counterpart Funding</b>			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
	Quarter 1	31-Aug-20	1,307,900	FY 2019/20
	Quarter 2	23-Nov-20	5,956,865	FY 2019/20
	Quarter 3	19-Feb-21	2,366,685	FY 2019/20
	Quarter 4	3-May-21	75,600	FY 2019/20
	<b>Total</b>		<b>9,707,050</b>	

The above amounts have been communicated to and reconciled with the parent Ministry/ state department.

  
 Eng. Kungu Ndungu  
 Director General

17 AUG 2021

Date

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

17 AUG 2021

Date



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**ANNEX 3A - ANALYSIS OF PENDING BILLS**

Supplier of Goods/Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2021	2020	
	a	b	c	d=a-c		
Land Compensation	370,375,080		355,346,189	15,028,891	15,028,891	
Grand-Total	370,375,080		355,346,189	15,028,891	15,028,891	



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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Opening Cost	Purchases/Additions in the Year	Disposals in the Year	Closing Cost
	(KSh)	(KSh)	(KSh)	(KSh)
	2019/20	2019/20	2019/20	2020
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Construction of Roads	447,937,184	-	-	447,937,184
<b>Total</b>	<b>447,937,184</b>	<b>-</b>	<b>-</b>	<b>447,937,184</b>

