


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

ON

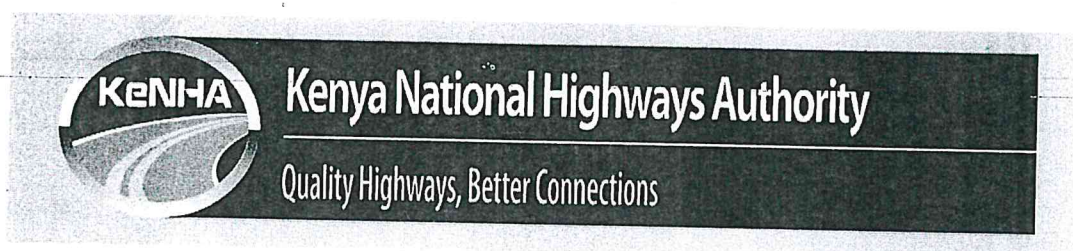
NUNO-MODOGASHE ROAD PROJECT

FOR THE YEAR ENDED
30 JUNE, 2021

KENYA NATIONAL HIGHWAYS
AUTHORITY



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



PROJECT NAME: NUNO-MODOGASHE ROAD PROJECT

IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

NUNO-MODOGASHE ROAD PROJECT

Reports and Financial Statements

For the financial year ended June 30, 2021

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NUNO-MODOGASHE ROAD PROJECT

Reports and Financial Statements

For the financial year ended June 30, 2021

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: Nuno – Modogashe Road Project

Objective:

- 1) To enhance the social and economic development of the North-Eastern Region of the country, reduce the vehicle operating cost and facilitate the transport of goods and passengers to and from the neighbouring countries.
- 2) The project provides the upgrading of Nuno-Modogashe Road to bitumen standard, with a length of approximately 147 kilometres, and a width of 6 meters, with a shoulder of 1.5 meters on each side.

Registered Office 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:	20 th November, 2015
Project End Date:	31 st March, 2020
Project Engineer	Eng. Daniel S. Cheron
Project Sponsor:	1. Kuwait Fund for Arab Economic Development (KFAED) 2. Saudi Fund for Development (SDF) 3. OPEC Fund for International Development (OFID) 4. Arab Bank for Economic Development in Africa (BADEA) 5. Abu Dhabi Fund for Development (ADFD)

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	N/A
Strategic goals of the project	The strategic goals of the project are as follows: (i) Increase efficiency of road transport along the Mombasa-Nairobi-Addis Ababa Road Corridor to facilitate trade and regional integration

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	<p>(ii) Enhance social economic development of the people of North Eastern of the country</p> <p>(iii) Reduce the vehicle operating cost and facilitate the transport of goods and passengers to and from the neighbouring countries.</p>		
Achievement of strategic goals	Implementation of the project in timely, efficient and effective manner.		
Other important background information of the project	<p>There are two components under this project that are being implemented by Kenya National Highways Authority (KeNHA).</p> <ol style="list-style-type: none"> 1. Civil Engineering works for the construction of approximately 147 kilometres of trunk road. The work involves site preliminary works, earth work, pavement layers, drainage structures and road safety works. 2. Consultancy services for review of project design and for supervision of construction. 		
List of Goods: 1. Kuwait Fund for Arab Economic Development	No.	Item	Allocation Proceeds Expressed in KD
	1	Civil Engineering Works	4,950,000.00
	2	Consultancy Services	550,000.00
	3	Contingencies	400,000.00
		Total	5,900,000.00
		Five Million Nine Hundred Thousand Kuwait Dinars	
List of Goods: 2. Saudi Fund for Development)	No.	Item	Allocation Proceeds Expressed in Saudi Riyals
	1	Civil Works (Part A of the Project)	49,000,000.00
	2	Unallocated	7,250,000.00
		Total	56,250,000.00
		Fifty Six Million Two Hundred Fifty Thousand Saudi Riyals	

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List of Goods: 3. OPEC Fund for International Development	No.	Item	Allocation Proceeds Expressed in USD	Percentage of Total Cost of Item
	1	Civil Works	1,672,800.00	13.94%
	2	Unallocated	10,327,200.00	86.06%
		Total	12,000,000.00	
		Twelve Million United States Dollars		
List of Goods: 4. Arab Bank for Economic Development in Africa	No.	Item	Allocation Proceeds Expressed in USD	Percentage of Total Cost of Item
	1	Civil Engineering Works & Ancillaries	6,850,000.00	9.18%
	2	Consultancy Services	1,850,000.00	50%
	3	Unallocated	1,300,000.00	
		Total	10,000,000.00	
		Ten Million United States Dollars		
List of Goods: 5. Abu Dhabi Fund for Development	The fund agrees to lend the Borrower an amount equivalent to Thirty Six Million , Seven Hundred Thirty Thousand Only (36,730,000) Emirates Dirhams			
Project duration	The project is for duration of 4 years & 4 Months			

1.4 Bankers

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

1.5 Auditors

Auditor General
Office of the Auditor General
Po Box 30084-00100
Nairobi

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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. Daniel S. Cherono	Deputy Director-Special Projects	Qualified	Project Engineer
Mr Isaac W. Kamotho	Assistant Director-Finance & Accounts	Qualified	Project Financial Specialist
Ms Levina Wanyoyi	Deputy Director-Supply Chain Management	Qualified	Project Procurement Specialist

1.7 Funding summary

The Project is for duration of 4 years from 20th November 2015 to 31st March 2020 with an approved budget of USD 97,855,108 equivalent to Kshs. 9,893,366,734 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)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i)Loan						
Kuwait Fund for Arab Economic Development (KFAED)	20,000,000	2,022,044,000	13,193,245	1,333,866,118	-	-
Saudi Fund for Development (SFD)	15,000,000	1,516,533,000	8,984,138	908,316,119	-	-
OPEC Fund for International Development (OFID)	12,000,000	1,213,226,400	7,160,599	723,952,353	-	-
Arab Bank for Economic Development in Africa (BADEA)	10,000,000	1,011,022,000	4,715,517	476,749,112	-	-
Abu Dhabi Fund for Development (ADFD)	10,000,000	1,011,022,000	7,566,401	764,979,786	-	-
Total	67,000,000	6,773,847,400	41,619,900	4,207,863,488	25,380,100	2,565,983,912
(ii)Counterpart Funds						
Government of Kenya (GoK)	30,855,108	3,119,519,334	30,855,108	3,119,519,334	-	-
Total	97,855,108	9,893,366,734	72,475,008	7,327,382,822	25,380,100	2,565,983,912

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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')
(i) Loan						
Kuwait Fund for Arab Economic Development (KFAED)	13,193,245	1,333,866,118	13,193,245	1,333,866,118	-	-
Saudi Fund for Development (SFD)	8,984,138	908,316,119	8,984,138	908,316,119	-	-
OPC Fund for International Development (OFID)	7,160,599	723,952,353	7,160,599	723,952,353	-	-
Arab Bank for Economic Development in Africa (BADEA)	4,715,517	476,749,112	4,715,517	476,749,112	-	-
Abu Dhabi Fund for Development (ADFD)	7,566,401	764,979,786	7,566,401	764,979,786	-	-
(ii) Counterpart funds						
Government of Kenya (GoK)	30,855,108	3,119,519,334	25,163,137	2,544,048,520	5,691,971	575,470,814
Total	72,475,008	7,327,382,822	66,783,037	6,751,912,008	5,691,972	575,470,814

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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	1,492,600	100,000,000	1%
Loan from Development Partners			
Kuwait Fund for Arab Economic Development (KFAED)	-	200,000,000	0%
Saudi Fund for Development (SFD)	-	150,000,000	0%
Opec Fund for International Development	-	150,000,000	0%
Arab Bank for Economic Development (BADEA)	-	150,000,000	0%
Abu Dhabi Fund for Development (ADFD)	-	150,000,000	0%
TOTAL	-	800,000,000	0%
GRAND TOTAL	1,492,600	900,000,000	0%

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

The physical progress as at 30th June, 2021 is 100%.

(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.
- 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

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

The key development objectives of the project are to:

- a) To increase efficiency of road transport along the Mombasa-Nairobi-Addis Ababa Road Corridor to facilitate trade and regional integration
- b) To enhance social economic development of the people of North Eastern region
- c) To reduce vehicle operating cost and facilitate the transport of goods and passengers to and from the neighbouring countries.

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 increase efficiency of road transport along the Mombasa-Nairobi-Addis Ababa Road Corridor to facilitate trade and regional integration	Improved accessibility of Garissa, Isiolo, Wajir as well as Mandera towns	Reduced travel time between Garissa, Isiolo, Wajir as well as Mandera Towns on the Kenya and Ethiopia Border points.	The road is 100% complete and taken over during the Financial Year 2019/2020
To enhance social economic development of the people of North Eastern region	Enhanced population access to social services and tourist sites in northern Kenya	Increased volume of tourists visiting tourist sites in Wajir	Significant development of businesses along the road corridor have been observed



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Objective	Outcome	Indicator	Performance
To reduce vehicle operating cost and facilitate the transport of goods and passengers to and from the neighbouring countries.	Reduced transport cost	Increase in number of passenger service vehicles in the road	Reduced average vehicle operating cost

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.

While executing works, the Contractor continued to perform air quality management such as regularly

dampening of deviations and other dust-prone accesses to lay dust; Sprinkling of stockpiles (mainly the quarry dust) at the construction camp; control of construction vehicle speed limits along the deviations and dusty accesses; regularly servicing of vehicles and other machinery to control exhaust gas emissions, maintenance of the asphalt and concrete batching plants including the dust collection systems to ensure effectiveness in dust collection.

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.

During the project execution, the Contractor continued to offer employment opportunities to the locals as

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casuals. The Contractor also carried out awareness and education on HIV and protection against the disease and other sexually transmitted diseases. To improve relationship with the local communities, the contractor shared water with the local communities

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.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Director General, KeNHA and the Project Implementation Team Leader for Nuno – Modogashe 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.

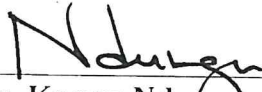
The Director General, KeNHA and the Project Implementation Team Leader for Nuno-Modogashe Road Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International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

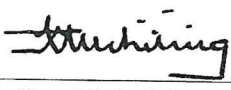
The Director General, KeNHA and the Project Implementation Team Leader for Nuno – Modogashe Road Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2021, and of the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader for Nuno – Modogashe 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 Nuno – Modogashe 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 Nuno – Modogashe Road Project on 17 AUG 2021 2021 and signed by them.

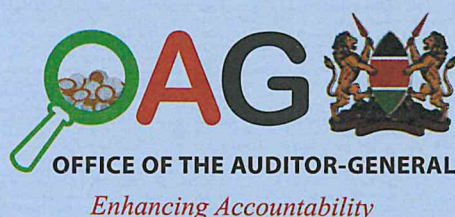

Eng. Kungu Ndungu
Director General


Eng. David A. Muchilwa
Director-Development


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

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NUNO-MODOGASHE ROAD PROJECT FOR THE YEAR ENDED 30 JUNE, 2021 - KENYA NATIONAL HIGHWAYS AUTHORITY

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 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 Nuno-Modogashe Road Project set out on pages 1 to 18, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nuno-Modogashe Road Project 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 Section 35 of the Public Audit Act, 2015 and Loan Agreements between the Republic of Kenya and OPEC Fund for International Development dated 1 June, 2010, Kuwait Fund for Arab Economic Development dated 20 September, 2010, Abu Dhabi Fund for Development dated 25 November, 2010 and Saudi Fund for Development dated 9 January, 2012.

Basis for Opinion

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

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. I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.100,000,000 and Kshs.1,492,600

respectively resulting to under-funding of Kshs.98,507,400 or 99% of the budget. Further as disclosed in the project information under Note 1.7 on funding summary, the donors committed an amount of Kshs.6,773,847,400 for utilization under the project but as at the close of the project only Kshs.4,207,863,488 was utilized resulting to an undrawn amount of Kshs.2,565,983,912.

Similarly, the Project expended Kshs.1,492,600 against an approved budget of Kshs.100,000,000 resulting to under-expenditure of Kshs.98,507,400 or 99% of the budget.

Failure to fund the activities of the Project may lead to Project objectives not being met.

2. Pending Bills

According to Note 11.6 to the financial statements, the Project had pending accounts payable of Kshs.575,470,814 (2020:Kshs.575,470,814) as at 30 June, 2021. Although Management had explained that the bills were awaiting submission of payment certificates from the contractor, the bills had not been settled at the close of the year under review.

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.

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 overall governance.

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

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 audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


15 December, 2021

NUNO-MODOGASHE ROAD PROJECT
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			Cumulative to date
		Receipts & Payments Controlled by the Entity	Payments Made by Third Parties	Total	Receipts & Payments Controlled by the Entity	Payments Made by Third Parties	Total	
		KShs	KShs	KShs	KShs	KShs	KShs	KShs
RECEIPTS								
Transfer from Government entities	1	1,492,600	-	1,492,600	1,005,467,052	-	1,005,467,052	3,119,519,334
Loan from external Development Partners	2	-	-	-	-	358,509,979	358,509,979	4,207,863,488
TOTAL RECEIPTS		1,492,600	-	1,492,600	1,005,467,052	358,509,979	1,363,977,031	7,327,382,822
PAYMENTS								
Purchase of goods and services	3	1,492,600	-	1,492,600	4,903,905	-	4,903,905	19,797,698
Acquisition of non-financial assets	4	-	-	-	646,674,504	358,509,979	1,005,184,483	6,732,114,310
TOTAL PAYMENTS SURPLUS/DEFICIT FOR THE YEAR		1,492,600	-	1,492,600	651,578,409	358,509,979	1,010,088,388	6,751,912,008
		-	-	-	353,888,643	-	353,888,643	575,470,814

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

17 AUG 2021

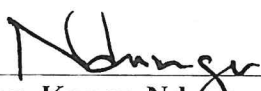
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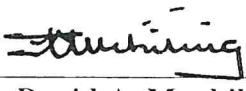
NUNO-MODOGASHE ROAD PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021


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

	Note	FY 2020/21	FY 2019/20
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	5A	575,470,814	575,470,814
Cash Balances		-	-
Cash Equivalents (short-term deposits)		-	-
Total Cash and Cash Equivalents		575,470,814	575,470,814
Accounts Receivables		-	-
TOTAL FINANCIAL ASSETS		575,470,814	575,470,814
FINANCIAL LIABILITIES			
Payables- Deposits and Retentions	6	575,470,814	575,470,814
NET ASSETS		-	-
REPRESENTED BY			
Fund balance b/fwd	7	-	-
Prior year adjustments		-	-
Surplus/(Deficit) for the year		-	-
NET FINANCIAL POSITION		-	-

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

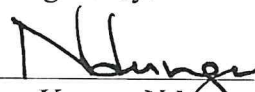

CPA Chanje Kera
Deputy Director (F&A)
ICPAK Member No. 8279

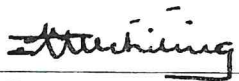
NUNO-MODOGASHE ROAD PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021


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

Receipts for operating income	Note	FY 2020/21 Kshs	FY 2019/20 Kshs
Transfer from Government entities	1	1,492,600	1,005,467,052
Proceeds from domestic and foreign grants		-	-
Miscellaneous receipts		-	-
Payments for operating expenses			
Purchase of goods and services	3	(1,492,600)	(4,903,905)
Net cash flow from operating activities		-	1,000,563,147
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	4	-	(1,005,184,483)
Net cash flows from Investing Activities		-	(1,005,184,483)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	2	-	358,509,979
Net cash flow from financing activities		-	358,509,979
NET INCREASE IN CASH AND CASH EQUIVALENT		-	353,888,643
Cash and cash equivalent at BEGINNING of the year		575,470,814	221,582,171
Cash and cash equivalent at END of the year		575,470,814	575,470,814

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

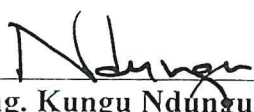

 CPA Chanje Kera
 Deputy Director (F&A)
 ICPAK Member No. 8279

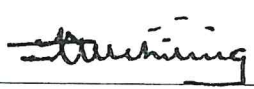
NUNO-MODOGASHE ROAD PROJECT
Reports and Financial Statements
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9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	184,222,483	(84,222,483)	100,000,000	1,492,600	98,507,400	1%
Proceeds from borrowings-Direct Payments	-	-	-	-	-	-
Total Receipts	184,222,483	(84,222,483)	100,000,000	1,492,600	98,507,400	1%
Payments						
Purchase of goods and services	1,500,000	-	1,500,000	1,492,600	7,400	100%
Acquisition of non-financial assets	182,722,483	(84,222,483)	98,500,000	-	98,500,000	0%
Total Payments	184,222,483	(84,222,483)	100,000,000	1,492,600	98,507,400	1%

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


 Eng. David A. Muchilwa
 Director-Development


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

17 AUG 2021

Date

17 AUG 2021

Date

17 AUG 2021

Date

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 Nuno - Modogashe 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.

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 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.

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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

Significant Accounting Policies (Continued)

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.

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.

Significant Accounting Policies (Continued)

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 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

Significant Accounting Policies (Continued)

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.

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, and 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

Significant Accounting Policies (Continued)

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.

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 are 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.

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.

Significant Accounting Policies (Continued)

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..

During the year there no loan 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

Significant Accounting Policies (Continued)

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.

NUNO-MODOGASHE 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:

	FY 2020/21	FY 2019/20	Cumulative
	Kshs	Kshs	to-date
Counterpart funding through Ministry of Transport and Infrastructure			
Counterpart funds Quarter 1	304,900	230,976,693	474,840,264
Counterpart funds Quarter 2	1,166,700	26,103,409	323,429,677
Counterpart funds Quarter 3	-	47,217,641	541,706,257
Counterpart funds Quarter 4	21,000	701,169,309	1,779,543,136
Total	1,492,600	1,005,467,052	3,119,519,334

2. LOAN FROM EXTERNAL DEVELOPMENT PARTNER

During the 12 months to 30 June 2021 we received no funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below. Financing agreement lapsed in Financial Year 2019/2020

Name of Donor	Loans received in cash	Loans received as direct payment	Total	
			FY 2020/21	FY 2019/20
	Kshs	Kshs	Kshs	Kshs
Loans Received from Multilateral Donors				
Kuwait Fund for Arab Economic Development	-	--	-	115,897,460
Saudi Fund for Development	-	-	-	32,811,107
OPEC Fund for International Development	-	-	-	77,269,001
Arab Bank for Economic Development in Africa	-	-	-	50,884,464
Abu Dhabi Fund for Development	-	-	-	81,647,947
Total		-	-	358,509,979

NUNO-MODOGASHE ROAD PROJECT
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For the financial year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. 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	1,492,600	-	1,492,600	4,903,905	15,900,262
Printing, Adverts & Information Supplies	-	-	-	-	3,207,496
Hospitality Supplies & Services	-	-	-	-	689,940
Total	1,492,600	-	1,492,600	4,903,905	19,797,698

4. ACQUISITION OF NON-FINANCIAL ASSETS

	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	-	-	-	78,377,612	295,197,026
Civil works	-	-	-	926,806,871	6,436,917,284
	-	-	-	1,005,184,483	6,732,114,310

5. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	FY 2020/21	FY 2019/20
Description	Kshs	Kshs
Bank accounts (Note 11.5A)	575,470,814	575,470,814
Total	575,470,814	575,470,814

5A Bank Accounts

	FY 2020/21	FY 2019/20
	Kshs	Kshs
Local Currency Accounts		
National Bank of Kenya Ltd. Retention [A/c No. 0100132733200]	575,470,814	575,470,814
Total bank account balances	575,470,814	575,470,814

NUNO-MODOGASHE ROAD PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACCOUNTS PAYABLES

Description	FY 2020/21	FY 2019/20
	Kshs	Kshs
Retention	575,470,814	575,470,814
Total	575,470,814	575,470,814

**Prior year closing retention amount of Kshs 575,470,814 has been reclassified from the Fund balance b/f to Financial liabilities – Payables- retention in the financial statements as required by PSASB reporting template for FY 2020/21*

7. FUND BALANCE BROUGHT FORWARD

	FY 2020/21	FY 2019/20
	Kshs	Kshs
Bank accounts	-	-
Total	-	-

8. CHANGES IN ACCOUNTS PAYABLE - RETENTIONS

Description	FY 2020/21	FY 2019/20
	Kshs	Kshs
Retentions as at 1 st July	575,470,814	221,582,171
Closing Retention as at 30 th June	575,470,814	575,470,814
Change in Retention	-	353,888,643

NUNO-MODOGASHE ROAD PROJECT
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For the financial year ended June 30, 2021

12. OTHER IMPORTANT DISCLOSURES

1.PENDING ACCOUNTS PAYABLE (See Annex 3A)

Description	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2020/21
	Kshs	Kshs	Kshs	Kshs
Construction of civil works	-	-	-	-
Lands Compensation	-	-	-	-
Supply of services	-	1,492,600	1,492,600	-
Total	-	1,492,600	1,492,600	-

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	-	358,509,979
Total	-	358,509,979

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	-	2,565,983,912
Total		-	2,565,983,912

Unutilized loan balances cancelled

c) Classes of providers of external assistance

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Multilateral donors	-	358,509,979
Total	-	358,509,979

External assistance for road rehabilitation works & supervision consultancy services.

d) Purpose and use of external assistance

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Acquisition of Assets	-	358,509,979
Total	-	358,509,979

NUNO-MODOGASHE ROAD PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021

OTHER IMPORTANT DISCLOSURES (Continued)

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

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Multilateral donors	-	358,509,979
Total	-	358,509,979

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/Nuno Modogashe/2019/2020(21)	The statement of comparative budget & actual amounts reflect final receipts budget & actual on comparative basis of Kshs 2,476,155,636 & Kshs 1,363,977,031 respectively resulting to an under-funding of Kshs 1,112,178,605 or 45% of the budget. Similarly, the project expended Kshs 1,010,088,388 against an approved budget of Kshs 2,476,155,636 resulting to an under-expenditure of Kshs 1,466,067,247 or 41% of the budget.	This was as a result of full amount from proceeds of the loans in the financing agreements not being expended because the project did not experience cost overruns and hence savings were realized. The Authority through the Parent Ministry initiated cancellation of the unutilized loan balances	Eng. Daniel Cherono - Project Engineer	Resolved	Resolved


Eng. Kungu Ndungu
 Director General

17 AUG 2021

Date


Eng. David A. Muchilwa
 Director-Development

17 AUG 2021

Date

NUNO-MODOGASHE ROAD PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021

14. ANNEXES

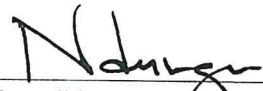
ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation	Comments on Variance
	a	b	c=a-b	d=b/a %	
RECEIPTS DURING THE YEAR					
Government of Kenya	100,000,000	1,492,600	98,507,400	1%	Awaiting final certificate
External financing	-	-	-	-	
TOTAL RECEIPTS	100,000,000	1,492,600	98,507,400	1%	
PAYMENTS DURING THE YEAR					
Purchase of goods and services	100,000,000	1,492,600	98,507,400	1%	Awaiting final certificate
Acquisition of non-financial assets		-			
TOTAL PAYMENTS	100,000,000	1,492,600	98,507,400	1%	

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ANNEX 2 – RECONCILIATION OF INTER-ENTITY TRANSFERS

	PROJECT NAME:	NUNO-MODOGASHE ROAD PROJECT		
	Break down of Transfers from the State Department of Infrastructure			
a.	Government Counterpart Funding			
		Bank Statement Date	Amount (KShs)	FY to which the amounts relate
	Quarter 1	23-Sep-20	304,900	FY 2020/21
	Quarter 2	23-Nov-20	1,166,700	FY 2020/21
	Quarter 4	26-Apr-21	21,000	FY 2020/21
	Total		1,492,600	


Eng. Kungu Ndungu
Director General

17 AUG 2021

Date


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

17 AUG 2021

Date

NUNO-MODOGASHE ROAD PROJECT
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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		
Sub-Total						
Consultancy Services						
	-		-	-	-	
Civil Works						
	-		-	-	-	
Sub-total	-		-	-	-	
Land Compensation						
Grand-Total	-		-	-	-	

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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)
	FY 2020/21	FY 2020/21	FY 2020/21	FY 2021
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Construction of Roads	6,732,114,310	-	-	6,732,114,310
Total	6,732,114,310	-	-	6,732,114,310

