

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
DATE: 08 MAR 2023	DAY: Thursday
REPORT	
TABLED BY:	Hon. Naomi Wago, MP (Deputy Majority Whip)
CLERK-AT-THE-TAIL	OF Joyce Lemelette

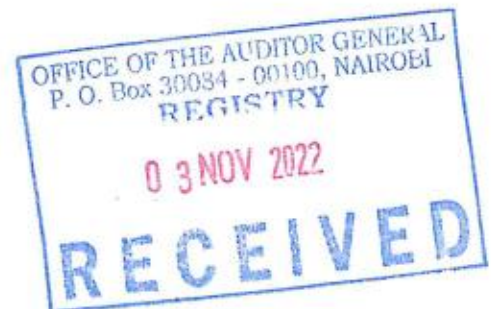
THE AUDITOR-GENERAL

ON

**HORN OF AFRICA GATEWAY DEVELOPMENT
PROJECT (IDA CREDIT NO.6768 KE)**

**FOR THE YEAR ENDED
30 JUNE, 2022**

**NATIONAL TRANSPORT AND SAFETY
AUTHORITY**



PROJECT NAME: Horn of Africa Gateway Development Project

IMPLEMENTING ENTITY: National Transport and Safety Authority

PROJECT GRANT/CREDIT NUMBER: P161305/6768KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

10

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Table Contents

1. Project Information and Overall Performance	iv
2. Statement of Performance against Project's Predetermined Objectives	xv
3. Environmental and Sustainability reporting.....	xxiii
4. Statement of Project Management responsibilities	xxix
5. Report of the Independent Auditor on Horn of Africa Gateway Development Project	xxxi
6. Statement of Receipts and Payments for the year ended 30th June 2022.	1
7. Statement of Financial Assets as at 30 th June 2022.....	3
8. Statement of Cashflow for the year ended 30 th June 2022	4
9. Statement of Comparison of Budget and Actual amounts for the year ended 30 th June 2022	6
10. Significant Accounting Policies	7
11. Notes to the Financial Statements	14
12. Other Important Disclosures	30
13. Prior Year Auditor-General's Recommendations	35
14. Annexes.....	37

1. Project Information and Overall Performance

1.1 Name and registered office

Name

The project's official name is Horn of Africa Gateway Development Project. NTSA is supported under subcomponent D4: *Strengthen the Institutional Capacities of National Transport and Safety Authority (NTSA)*

Objective

The Overall Project Development Objectives for HoAGDP are to:

- a) Improve Movement of People, Goods and Access to Digital Connectivity.
- b) Facilitate Regional Trade and Transport
- c) Improve Access to Selected Basic Social Services at Designated Locations
- d) Institutional Strengthening of selected Transport and Related Institutions.

The main objective for NTSA Activities under the project is to Strengthen Institutional Capacity to oversee road safety initiatives.

Address

NTSA Head Office, Upper Hill-Nairobi, Nairobi County, Kenya.
Office of the Director General,
National Transport and Safety Authority,
316 Upper Hill Chambers, 2nd Ngong Avenue:
P.O.BOX 3602-00506, Nairobi.

Contacts: The following are the project contacts

Telephone: (020)6632123/ (020)6632243

E-mail: dg@ntsa.go.ke

Website: www.ntsa.go.ke

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Project information and overall performance (continued)

1.2 Project Information

Project Start Date:	The project start date is 22nd December 2020
Project End Date:	The project end date is 31st December 2028
Project Manager:	The Project Manager is Mr George Njao; Director General, National Transport and Safety Authority.
Project Sponsor:	The project sponsor is the Government of Kenya and the World Bank

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of: The Ministry of Interior and Coordination of National Government. Harambee House, Harambee Avenue P.O Box 30510-00100, Nairobi. Tel: +254-20-2227411
Project number	P161305
Strategic goals of the project	The strategic goal of the project is to Strengthen the Institutional Capacities of National Transport and Safety Authority (NTSA)
Achievement of strategic goals	The project management aims to achieve the Strategic goals through the following means: (i) Upgrading and reconfiguration of the Transport Integrated Management System (TIMS) (ii) Automation of motor vehicle inspection centres and a driving school. (iii) Carrying out research on road safety management (safe systems approach) to establish baseline data on road safety performance indicators in Kenya. (iv) Strengthening of NTSA management information systems and building NTSA's institutional capacity in monitoring, evaluation, and learning. (v) Enhancing NTSA capacity in: carrying out road safety audits, evaluation of road designs, identification of hazardous locations based on crash data, recommending remedial measures appropriate for hazards, and post audit evaluation of hazardous locations; (ii) facilitating NTSA contribution in harmonization of safety regulations among

	<p>similar agencies in East Africa and Horn of Africa and in development of specific road safety rules and regulations for transit traffic within the region and specifically for the transport of hazardous materials on regional road corridors; and (iii) undertaking public sensitization and awareness on road safety matters and design of improved protocols/guidelines for emergency response.</p>
Other important background information of the project	<p>The project has six implementing entities and 21 beneficiary Agencies. The total loan facility of USD 750Million was approved by the World Bank on 8th September 2020, as was communicated through a press release by the Cabinet Secretary, MOTIHU. NTSA, as an implementing entity and the Bank approved USD 28Million including USD 4Million from GOK for NTSA under HOAGDP. As an implementing entity, NTSA signed a subsidiary agreement with the Bank on 5th November 2020. Project effective date was 22nd December 2020, and project commenced thereafter.</p>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Enhancing an Efficient Road Management System and Road User Behaviour. This will be achieved by: <ul style="list-style-type: none"> a. Enhancing an efficient Road Data Management system through implementation of Smart Road Project for an Integrated Smart Road System. b. Implementation of a reliable and secure ICT infrastructure for efficient service delivery. c. Research, Policy Formulation and Reporting. d. Capacity Building, Partnership Development, Monitoring and Evaluation. e. Regional Benchmarking and Pilot data collection for the Africa Road Safety Observatory. (ii) Enhancing an Efficient and Safer Vehicles Management System. This will be achieved by: <ul style="list-style-type: none"> a. Automation of Motor Vehicle Inspection Centres (iii) Enhancing an Efficient, Safer Roads and Mobility. This will be achieved by: <ul style="list-style-type: none"> a. Conducting Road Safety Audits (iv) Enhancing and Efficient Post-Crash Response system. This will be achieved by: <ul style="list-style-type: none"> a. Design of improved protocols, guidelines for

10

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

	<p>emergency response, implementation of improved emergency coordination system.</p> <p>b. Training for emergency response personnel.</p> <p>(i) Acquisition of equipment to facilitate the work of road crash emergency personnel from Mandera, Isiolo, Wajir & Meru Counties.</p>
Project duration	The project started on 22nd December 2020 and is expected to run until 31st December,2028.

Project Information and Overall Performance (Continued)

1.4 Bankers

The following are the bankers for the current year:

(i) Kenya Commercial Bank Ltd
Capitol Hill Branch
P.O Box 4360-00100
Nairobi, Kenya.

(ii) Central Bank of Kenya
Haile Selassie Avenue
P.O.BOX 6000-00200
Nairobi, Kenya.

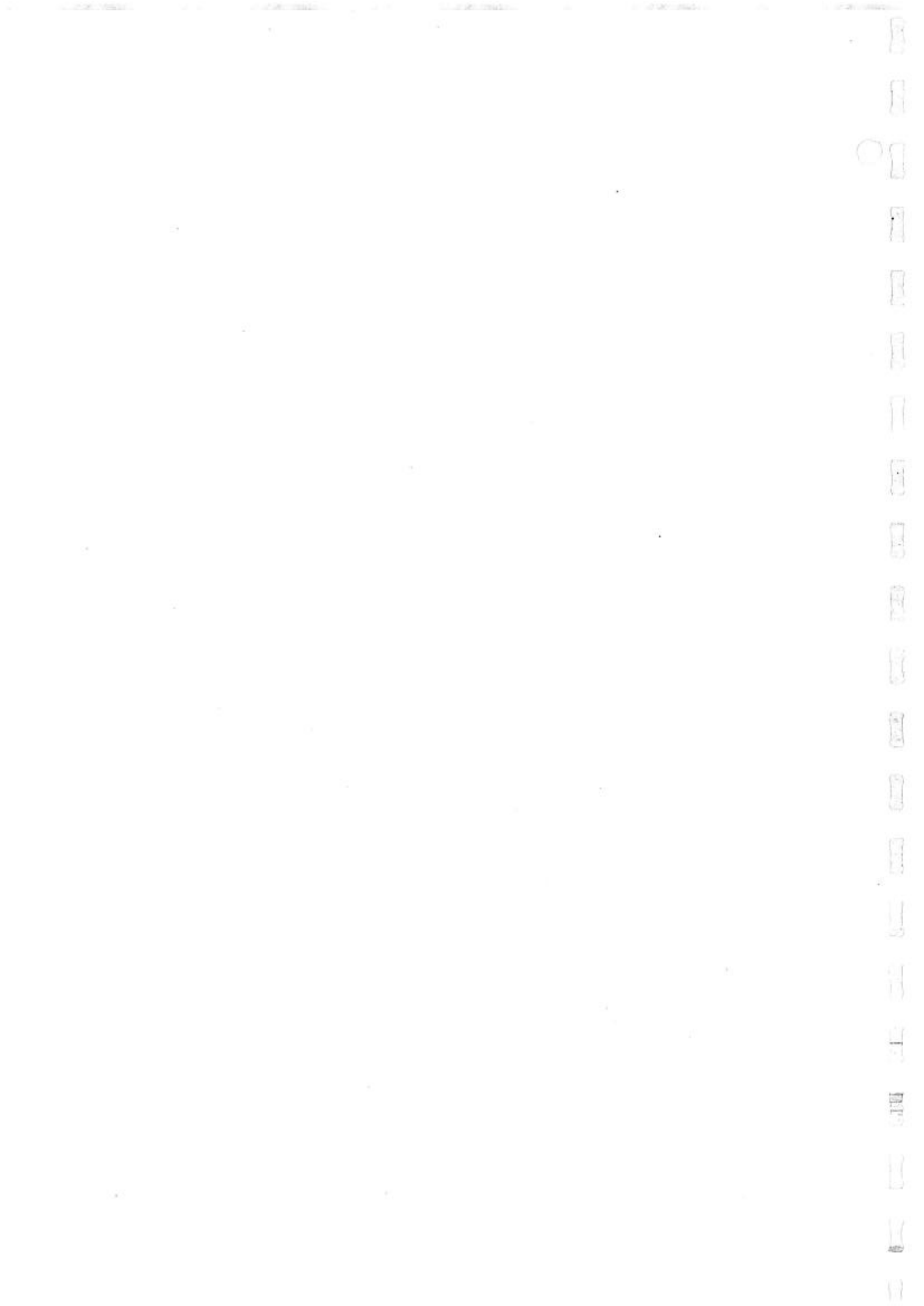
1.5 Auditors

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

1.6 Roles and Responsibilities

The following key people are working on the project.

Names	Title designation	Key qualification	Responsibilities
Mr. George Njao	Member -National Project Oversight Committee (POC)	<ul style="list-style-type: none"> • He holds a Master's degree and a Bachelor of Science degree from Central Missouri State University, USA. • He has over 15 years' experience in the transport sector specifically in safety management 	<ul style="list-style-type: none"> • responsible for steering, oversight, and strategic guidance to project implementation • Resolve bottlenecks particularly of a policy nature that may arise
Ms. Beatrice Olwa	PIT Lead	<ul style="list-style-type: none"> • Master of Arts in Planning, Bachelor of Arts in Economics and Statistics and Certificate in project planning and 	<ul style="list-style-type: none"> • Plan, direct, control and coordinate activities of the program components. • Overall



Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Names	Title designation	Key qualification	Responsibilities
		management	management of Information Technology matters under the Project.
Mr. Nashon Kondiwa	ICT Expert	<ul style="list-style-type: none"> • Masters of Science in Electrical Engineering • Masters of Science In Telecommunication Engineering • Bachelor of Science in Computer Engineering • Certified Project Management Professional (PMP) • 17 Years Experience in ICT Solutions Design, Operations and Project Management. • A member of the Project Management Institute (PMI) 	<ul style="list-style-type: none"> • Overall management of Information Technology matters under the Project.
Eng. Gerald Wangai	Vehicle Inspection Specialist	<ul style="list-style-type: none"> • He holds a Bachelor of Science Degree (Mechanical Engineering) from the University of Nairobi. • He has vast experience spanning 28 years in the Public Service. 	<ul style="list-style-type: none"> • Provide Project expertise on - technical services under motor vehicle inspection and infrastructural services.

***Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

Names	Title designation	Key qualification	Responsibilities
Eng. Christine Ogut	Road Safety Audit expert	<ul style="list-style-type: none"> • Eng. Christine Ogut is a Professional Engineer with Engineers Board of Kenya, Corporate Member and a Council Member of the Institution of Engineers of Kenya. • She holds a Bachelor of Science Degree (Civil Engineering) from University of Nairobi • A Master of Science Degree in Urban Infrastructure Engineering Management from UNESCO-IHE, Delft, Netherlands • Diploma in Environment and Public Transport Management from Vagoch Transport Forsknings Institute (VTI) Linkoping, Sweden. • She is a Road Safety Auditor and Trainer of Trainees. 	<ul style="list-style-type: none"> • Provide project expertise on matters of Road Safety Audits
Mr. Shalakha Shem	Procurement specialist	<ul style="list-style-type: none"> • Masters in Business Administration (Procurement and Supply Chain Management) • Bachelor of Science in Purchasing & Supplies 	<ul style="list-style-type: none"> • Provide professional advice on Project Procurement e.g. purchasing policies, procurement budgets, and



Names	Title designation	Key qualification	Responsibilities
		Management <ul style="list-style-type: none"> Graduate Diploma in Procurement & Supply (CIPS) 	overall management of purchasing processes.
Mr. Wycliffe Wasike	Finance Specialist	<ul style="list-style-type: none"> Masters in Business Administration Bachelor of Commerce Certified Public Accountant (CPA-K) Certified Public Secretary (CPS-K) 	<ul style="list-style-type: none"> Approver of Project Financial Statements
Ms. Margaret Kabochi	Human Resource specialist	Bachelor Degree Higher Diploma in Human Resource Management	<ul style="list-style-type: none"> Development of Project Training Workplan

1.7 Funding summary

The Project is for duration of 8 years from 2021 to 2028 with an approved budget of EUR 25M equivalent to KShs 3.2B as highlighted in the table below:

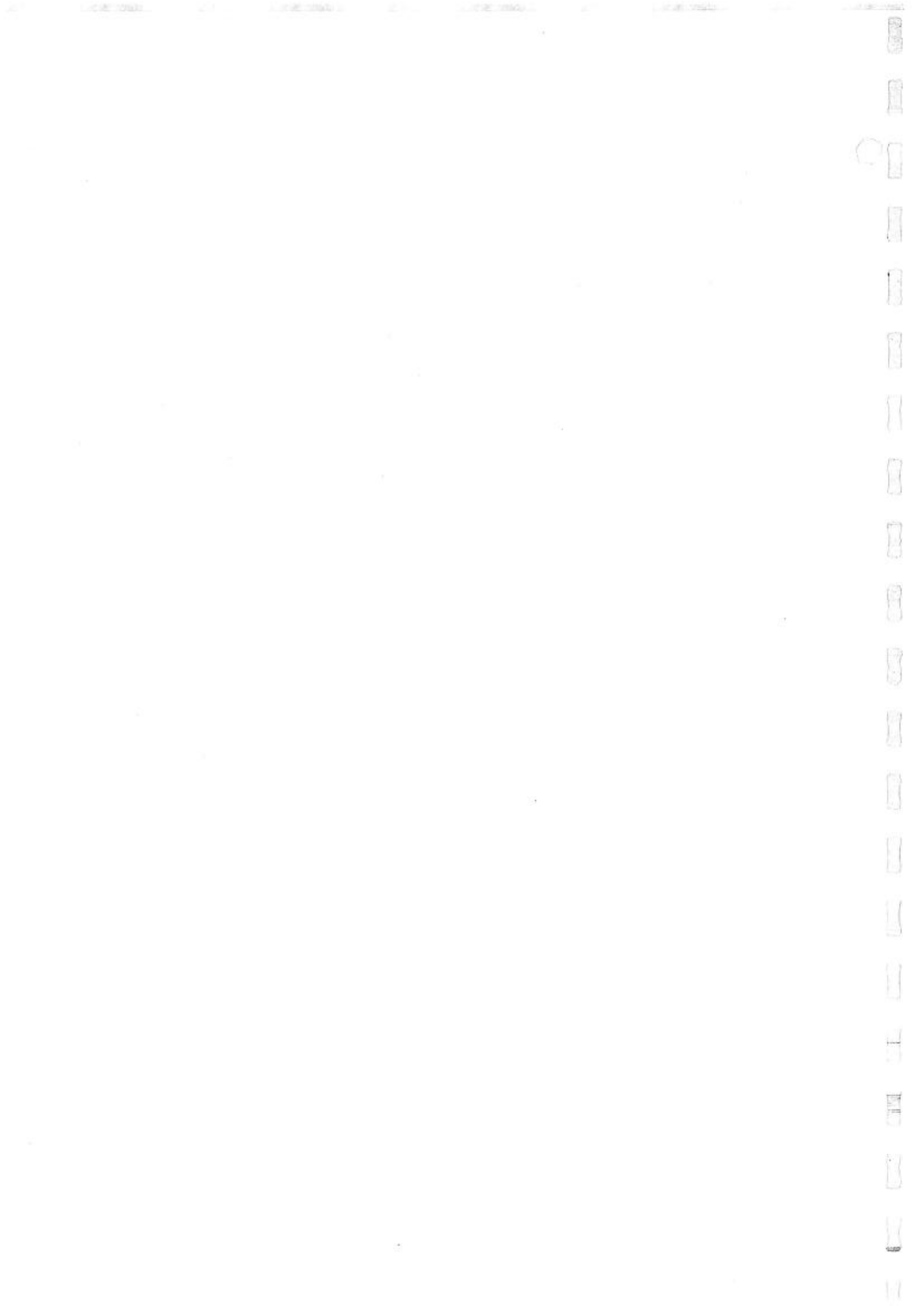
*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022*

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 June 2022)		Undrawn balance to date	
	Donor currency EUR (A)	Kshs (A')	Donor currency EUR (B)	Kshs (B')	Donor currency Kshs (A)-(B)	Kshs (A)-(B)
(i) Grant						
Insert name of donor		-	-	-	-	-
(ii) Loan						
International Development Organisation (World Bank)	21,400,000	2,737,569,320	5,420,602	707,207,287	15,979,398	2,030,362,033
(iii) Counterpart funds						
Government of Kenya	3,619,237.21	462,986,577.00	-	-	3,619,237	462,986,577
Total	25,019,237.21	3,200,555,897.00	5,420,602	707,207,287	19,598,635	2,493,348,610

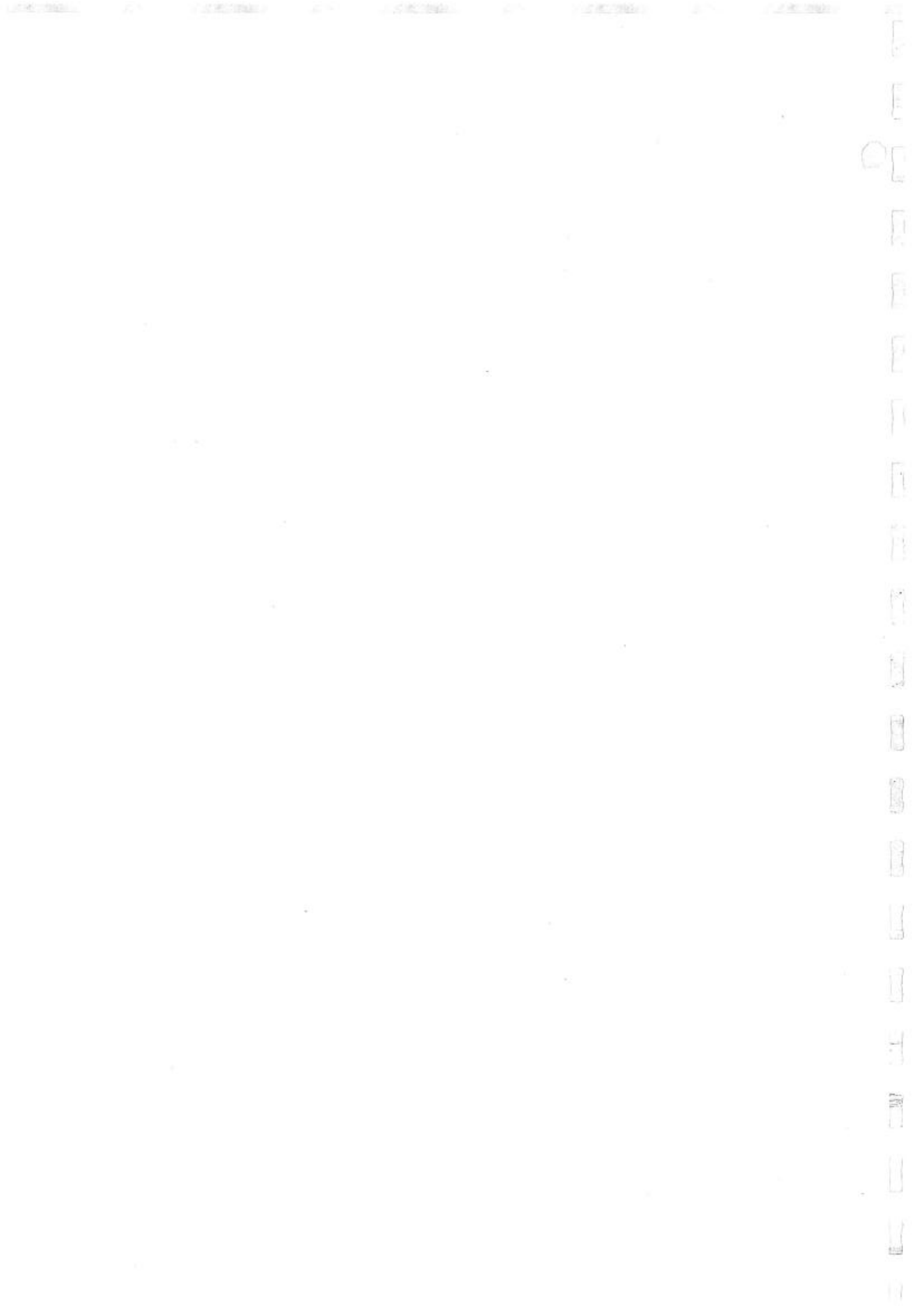


*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022*

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2022)		Cumulative amount paid to date – (30 th June 2022)	Unutilised balance to date (30 th June 2022)	
	Donor currency	Kshs	Kshs	Donor currency	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
	-	-	-	-	-
(i) Loan					
International Development Organisation (World Bank)	5,420,602	707,207,287	205,889,630	3,847,683	501,317,657
(ii) Counterpart funds					
Government of Kenya	-	-	-	-	-
Total	5,420,602	707,207,287	205,889,630	3,847,683	501,317,657



Project information and overall performance (continued)

1.8 Summary of Overall Project Performance:

- i) The Project activities are in various stages of implementation. There are some which are yet to commence, others are in procurement process while others are nearing completion. Specific status is as detailed under *Statement of Performance against Project's Predetermined Objectives (Number 2. Of Table of Contents)*
- ii) The value-for-money has been achieved through the activities that have been carried out so far as
- iii) The absorption rate for the current Financial Year was 58% against 6.3% in FY 2020/21
- iv) Implementation challenges includes interdependency of various activities whereby a challenge that leads to delay of the activity will result in delay of another activity(s).

1.9 Summary of Project Compliance:

No issues of non -compliance has been encountered so far.



2. Statement of Performance against Project's Predetermined Objectives

Introduction

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

NTSA key objective of the *project's agreement* is to strengthen NTSA capacity through implementation of the following project activities:

- a) Upgrading and reconfiguration of the Transport Integrated Management System (TIMS)
- b) Automation of motor vehicle inspection centres and a driving school.
- c) Carrying out research on road safety management (safe systems approach) to establish baseline data on road safety performance indicators in Kenya.
- d) Strengthening of NTSA management information systems and building NTSA's institutional capacity in monitoring, evaluation, and learning.
- e) Enhancing NTSA capacity in: carrying out road safety audits, evaluation of road designs, identification of hazardous locations based on crash data, recommending remedial measures appropriate for hazards, and post audit evaluation of hazardous locations; (ii) facilitating NTSA contribution in harmonization of safety regulations among similar agencies in East Africa and Horn of Africa and in development of specific road safety rules and regulations for transit traffic within the region and specifically for the transport of hazardous materials on regional road corridors; and (iii) undertaking public sensitization and awareness on road safety matters and design of improved protocols/guidelines for emergency response.

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,

10

realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement:

10

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Below we provide the progress on attaining the stated objectives:

No.	Project Activities	Objective	Outcome	Indicator	Performance
1.	<p>Project Name: KE-NTSA-204278-GO-RFB/Supply, Delivery and Installation of Primary Data Centre core Infrastructure switches, Servers, Storage, Intelligent racks, Virtual Desktop Infrastructure and associated devices.</p> <p>Contract type: Goods</p>	<p>The Project objective is to address reliability and capacity challenges of TIMs. It is categorized into 5 lots:</p> <ul style="list-style-type: none"> LOT 1: Supply Delivery and Installation of Primary Data Centre Core Switches, Servers, Storage and Data Centre Firewall Upgrade (Amount: USD 2,761,893.62 excl. 16% VAT) <p>The Copy Cat Limited</p>	<p>Having Reliable and secure ICT Infrastructure for efficient Service delivery</p>	<p>% of project completion</p>	<p>Lot I: Overall progress at 82%.</p> <ul style="list-style-type: none"> Materials and equipment delivered and tested on site. Staging and racking of equipment in the new data centre completed Installation and configuration ongoing.
2.		<ul style="list-style-type: none"> LOT 2: Supply Delivery and Installation of Integrated Data Centre Infrastructure/ Intelligent Racks for Primary Data Centre (Amount: Ksh.53,950,689.63 Excl. 16% VAT) <p>Encapsulated East Africa Limited</p>	<p>Having Reliable and secure ICT Infrastructure for efficient Service delivery</p>	<p>% of project completion</p>	<p>LOT II: Physical progress of work at 96%.</p> <ul style="list-style-type: none"> Assembling of racks and all components of the data centre completed. UAT System testing and operational environment completed Acceptance of the system done
3.		<ul style="list-style-type: none"> LOT 3: Supply and Installation of Virtual Desktop Infrastructure Solution (Amount: Ksh.80,543,536.58 Excl. 16% VAT) <p>Juniper Intakes Ltd</p>	<p>Having Reliable and secure ICT Infrastructure for efficient Service delivery</p>	<p>% of project completion</p>	<p>LOT III: Estimated progress at 10%.</p> <ul style="list-style-type: none"> Completed the design of the solution



***Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

No.	Project Activities	Objective	Outcome	Indicator	Performance
					<ul style="list-style-type: none"> All equipment delivered on site by 18th of May. Delays were occasioned by the global challenges on chip business Complete delivery is expected by end of June 2022
4.		<ul style="list-style-type: none"> LOT 4: Supply and Delivery of 200 Laptops, 40 Printers and 5 Projectors. (Amount: Ksh.40,109,708.50 excl. 16% VAT) MFI Documents Solutions Limited 	Having Reliable and secure ICT Infrastructure for efficient Service delivery	% of project completion	LOT IV: progress estimated at 50% <ul style="list-style-type: none"> 38 Printers were delivered on 25th November 2021
5.		<ul style="list-style-type: none"> LOT 5: Provision of Cloud Services for High Availability Architecture. (Amount: Ksh.25,924,418.09 Excl. 16% VAT) Techminds Technologies Limited 	Having Reliable and secure ICT Infrastructure for efficient Service delivery	% of project completion	LOT V: Progress at 95% Completion. <ul style="list-style-type: none"> Cloud infrastructure provisioned, trainings done, and documentation completed.
6.	Project Name: KE-NTSA-204305-GO-RFB Supply, delivery and installation of intelligent road safety management application and monitoring centre. Contract type: Goods Amount: Kes 197,701,815.00 Inclusive of Taxes Contractor: Data Integrated	NTSA aims to implement an intelligent road safety management system to capture traffic data and automate enforcement of traffic laws along the transport corridor.	<ul style="list-style-type: none"> Enhanced efficiency in Road Safety Management Improved Road User behaviour 	% of project completion	<ul style="list-style-type: none"> Inception report completed and signed off Project Methodology submitted – currently under review Progress at 35%

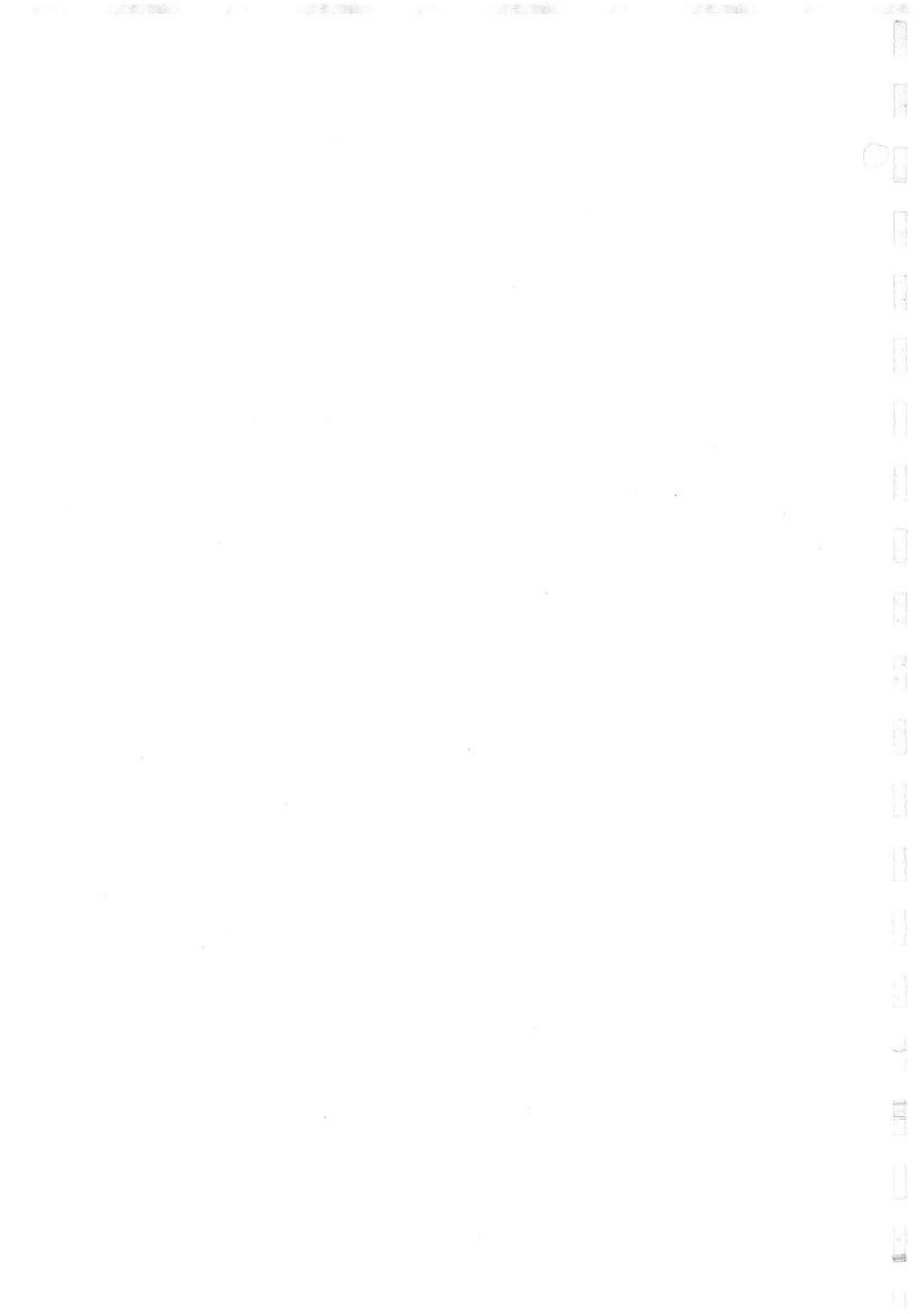


Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

No.	Project Activities	Objective	Outcome	Indicator	Performance
	Limited				
7.	<p>Project Name: KE-NTSA-216855-CS-QCBS / Consultancy Services for Project Management to Support National Transport and Safety Authority ICT Projects Implementation and Quality Assurance</p> <p>Contract type: Consultancy</p> <p>Contract Amount: Kes. 21,521,491.20 (excl. 16% VAT)</p> <p>Contractor: Masterspace Solutions Ltd</p>	The project activity aims to enhance the assurance of sound technical and project implementation, monitoring, and reporting by providing management support to the NTSA PIT.	Having Reliable and secure ICT Infrastructure for efficient Service delivery	% of project completion	inception report and two (2) months of project progress report submitted
8.	<p>Project Name: KE-NTSA-204331-GO-RFQ / Procurement of motor vehicle</p> <p>Contract type: Goods</p> <p>Contractor: Isuzu EA LTD</p> <p>Amount: USD 60,000-Equivalent to KES 6,400,000</p>	Procurement of a vehicle to support Road Safety	Enhanced efficiency on Road Safety Audits and Compliance	Vehicle Purchased.	<ul style="list-style-type: none"> Vehicle already procured and in use.
9.	<p>Project Name: KE-NTSA-231634-CS-INDV/ Consultancy Services for Design Enterprise Architecture of ICT Systems and Services for Optimal Service Delivery and Operations (International Consultant)</p> <p>Contract type: Consultancy</p> <p>Contract Amount: Ksh.</p>	The main purpose of this activity is to define appropriate standards, framework, guidelines and delivery of a new Enterprise Architecture for NTSA services that cover the four main architecture domains (i.e. business, data, application & technology).	Having Reliable and secure ICT Infrastructure for efficient Service delivery	% of project completion	<ul style="list-style-type: none"> Inception report delivered Consultant working on final report

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

No.	Project Activities	Objective	Outcome	Indicator	Performance
	9,000,000.00 (incl. of taxes) Individual Consultant: Mr. Werner Koekemoer				
10.	Project Name: KE-NTSA-231640-CS-INDV Consultancy Services for Design of Enterprise Architecture of ICT Systems and Services for Optimal Service Delivery and Operations (Local Consultant) Contract type: Consultancy Contract Amount: Ksh8,800,000.00 (Incl. of Taxes) Individual Consultant: Mr. Felix Odhiambo Aduol	The objective of the consultancy service is to: a) Review existing architecture, implemented systems, both hardware and software; b) Review the overall long term requirements for data driven road transport and safety management; c) Review the other stakeholders requirements and develop an integrated Enterprise Information Technology Service Architecture that will be used by NTSA as a blue print for implementation of all current and future information technology based road Transport and safety systems.	Having Reliable and secure ICT Infrastructure for efficient Service delivery	% of project completion	<ul style="list-style-type: none"> inception and interim reports delivered Consultant working on the final report.
11.	Project Name: Consultancy Services for Review of Design for Additional Four Inspection Lanes, and Supervision of Works at Likoni Road Motor Vehicle Inspection Centre, Nairobi Contract type: Consultancy Contract Amount: USD 100,000 Contractor:	Automate with additional four test lanes Likoni-Rd. motor vehicle inspection center	Enhancing an efficient and safer vehicles management system	% Of project completion	<ul style="list-style-type: none"> No objection approval issued on 31st May 2021 ToRs submitted to the Bank for review through STEP on 1st December 2021. Advert placed on daily Newspapers on 13th January 2022



*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022*

No.	Project Activities	Objective	Outcome	Indicator	Performance
12.	<p>Project Name: KE-NTSA-231676-CS-QCBS / Consultancy Services for Design and Supervision of Works for Motor Vehicle Inspection and Driver Testing Centre in Thika Town Contract type: Consultancy Contract Amount: USD 400,000</p>	Build and automate Thika Motor Vehicle Inspection Center and Driver Training and testing Unit	Enhancing an efficient and safer vehicles management system	% Of project completion	<ul style="list-style-type: none"> • EOI opened on 9th February 2022 • RFP to be opened on 12th-16th July, 2022 • No objection approval issued on 31st May 2021 • Six RFP documents were received by 23rd March 2022. • Technical Evaluation was completed on 8th April 2022 and 3 firms were shortlisted • Opening of financial proposals for 3 firms was done on 4th May 2022. • Contract for Phase 1 was awarded to Otto Mrutu Partners Architects
13.	<p>Project Name: KE-NTSA-238600-CS-QCBS / Consultancy services for Review and Development of NTSA Strategic Plan, Strategy Monitoring, Evaluation, and Learning Frameworks</p>	Capacity enhancement o NTSA M&E Unit	Enhancing an efficient Road Management System and Road User behaviour	% of project completion	<ul style="list-style-type: none"> • Progress at 25% • Inception report developed and accepted by NTSA. • Consultant is working on the Decision Audit Report

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

No.	Project Activities	Objective	Outcome	Indicator	Performance
	Contract type: Consultancy Contract Amount: of Kes 33,885,000 exclusive of local indirect taxes Contractor: Corporate Consultants ltd in joint venture with Harbin Consulting limited				

3. Environmental and Sustainability reporting

NTSA was established under the NTSA Act No.33 of 2012 with a purpose to: (i) Harmonize operations of key institutions in the road transport subsector, (ii) Improve service delivery; and (iii) Enhance road safety. NTSA as the body charged with the responsibility for ensuring the provision of safe, reliable and efficient road transport services; and administering the Act of Parliament set out in the First Schedule and any other written law, among other responsibilities is obliged to safeguard the realization of safety targets as set out locally or adopted internationally by the country. The main one being reduction of fatalities and injuries arising from road crashes. Highlight of activities that drive sustainability are as follows:

1. Sustainability strategy and profile

Motorized transport has become the most preferred means of transport. As people use this preferred mode, they equally expose or subject their lives and property to danger and risks. According to the World Health Organization estimates, about 1.2 million people are killed annually on the roads and up to 50 million are injured worldwide. 90 per cent of these deaths and injuries occur in developing countries such as Kenya, which incidentally claim less than a half of the world registered vehicle fleet. Should the trend continue, the number of people injured or killed on the roads rising and NTSA as the Authority in charge of Road safety has put in place measures to help reduce the trend. The sub-component D4 is specifically aimed at improving Road Safety by leveraging on Technology to ensure Compliance with Road Transport Rules and Regulations, both nationally and regionally using global parameters.

The African Union (AU) enacted the UN Decade of Action along with many other African countries including Kenya. Together with the United Nations Economic Commission for Africa (UNECA), the AU defined the African Road Safety Action Plan 2011-2020 which was built on five pillars aligned with the Safe System Approach and include: Road safety management; Safer roads and mobility; Safer vehicles; Safer road users; and Post-crash response. Through HOAGDP, the Authority will coordinate and lead a team to implement interventions aligned to all the five pillars of road safety through leadership and a comprehensive coordination mechanism as spelt out in National Road Safety Action Plan. Selected initiatives in the National Road Safety Action Plan including research on safe



systems, public education programmes targeting behavioral change and regional integration, will be implemented under HOAGDP support.

2. Environmental performance

The Authority has a total of 17 motor vehicle inspection centers across the country. Through support from the World Bank, NTSA automated two motor vehicle inspection centers, namely Nairobi - Likoni and Mombasa-Miritini Road Inspection centers. In the remaining 15 inspection centers are manually operated. Section 16(2) of the Traffic Act Cap 403 requires that "Every vehicle more than four years old from the recorded dated of manufacture shall be subjected to inspection by the motor vehicle inspection unit", which means that over three million vehicles in Kenya are supposed to be inspected annually. However, given the current capacity of the 17 inspection centres, NTSA can inspect a maximum of 400,000 vehicles (public and commercial service vehicles) leaving approximately 2,600,000 vehicles (mainly private) uninspected annually. NTSA plans to develop Regional Model for motor vehicle inspection in Thika town to act as centres of excellence. The main features for the planned test lanes include Brake testers, headlight testers, display unit, and most importantly, emission tester and noise meter which will help with managing environmental pollution from motor vehicles and reduce the impact of noise and air pollution on human health.

3. Employee Welfare

The Authority has put in place the Gender & Disability Mainstreaming Committee and career Progression policy to guide its recruitment processes and daily affairs

NTSA as an employer has a primary duty under Occupational Health, & Safety Act- OSHA 2007 and Environmental Management and Coordination Act (EMCA 1999) to "take every precaution reasonable in the circumstances for the protection of a worker and the natural environment". In order to fulfil these regulatory requirements; NTSA has developed a Safety, Health and Environment policy document which outlines the policy framework under which Safety, Health and Environment is managed. The policy has the following objectives.

- a) Zero injuries, fatalities and Occupational illnesses.
- b) Minimizing negative impact to the environment.
- c) Zero damage to property and/or equipment.

The Authority is fully compliant with the Occupational Safety and Health Act of 2007, (OSHA).

In an effort to comply with the gender rule the Authority formulated the gender and disability mainstreaming policies and by extension a committee to guide and implement gender and disability matters in the Authority. These are key performance indicators in the performance contracting, which the Authority is currently compliant on.

Training has been assigned a specific budget line to promote capacity building of staff in diversified fields. To promote professionalism and retention of critical staff a practice has been established where annual subscription and continuous development programmes are shouldered by the Authority for the benefit of the professional staff. This in turn has enabled them to be in good professional standing.

A review and performance appraisal for middle level staff which resulted in the promotion of forty five (45) staff from Job grade 8 to job grade 7 in the FY 2020/2021.

The Authority has a safety, health and Environment policy in place aligned to the Occupational Safety and Health Act of 2007.

Employee Benefit Obligations

The Authority established the National Transport & Safety Authority Staff Retirement Benefit Scheme (NTSA-SRBS) through an irrevocable Trust Deed on 1st July, 2014 as a Defined Contribution Pension Scheme to provide retirement benefits to the staff of National Transport and Safety Authority under the rules of the scheme. The scheme is duly registered by The Retirement Benefit Authority



The contribution rate of the scheme is at 7.5% of basic salary and 15% of the same by the employee and employer respectively. In the year ended 30th June 2021 a total of Ksh 120.5 Million was remitted as contributions towards pension for staff to the scheme.

The Authority also remits contributions to the National Social Security Fund (NSSF) based on the revised rates under Tier I & II.

4. Market place practices-

- a) Responsible competition practice; The Authority has automated all the services on the Transport Integrated Management Systems (TIMS) an online self-service portal where clients create and manage their own individual accounts by using their personal information. As outlined in the Authorities Service Charter, the services offered indicate the costs and timelines for acquiring the services thereby managing customer expectations regarding the delivery of services, standards of quality and conflict resolution. The Authority undertakes all its activities in an ethical manner and in line with the requirement of relevant laws and regulations.

5. Responsible supply chain and supplier relations;

The Authority is guided by the Public Procurement Regulatory Act 2015 when undertaking our procurement processes. We respect our suppliers and give equal opportunity to all without discrimination (gender or disability). Our procurement processes are transparent and our suppliers are paid within the stipulated timelines.

6. Responsible marketing and advertisement;

All Authority's the content and messages are designed to meet the needs of the stakeholder. In it design all copy rights laws are respected. In media buying, the Authority is guided by the Government Advertising Agency (GAA). The Authority, being a regulator has undertaken the following in compliance with market practice:

a) Responsible competition practice.

Inviting bids for institutions seeking to be licensed as Body Builders and or Speed Limiter Fitters though an open tendering and evaluation process. This has in effect provided a level playing field for firms venturing these types of businesses.

b) Responsible Supply chain and supplier relations

The Authority has continually ensured compliance with the Public Procurement & Disposal Act, 2015 including affirmative action on disadvantaged groups of Women, Youth and Persons with disability. Efforts have also been made despite the volatile economic times to ensure firms who supply goods and services to the Authority are paid in a timely way as is practically possible.

c) Responsible marketing and advertisement

The Authority has continued to comply with government guidelines in advertising for its key mandate activities which majorly focuses on sensitization and awareness.

d) Product Stewardship

The Authority has continually engaged the various stakeholders including motor vehicle Sacco's through dialogue and specific measures to ensure public transport users are protected and served fairly by the public road transport saccos and companies.

7. Community Engagements

National Transport and Safety Authority exists to continuously improve on road safety for all users through planning, managing and regulating the road transport system transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to delivery our strategy, which is founded on four strategic pillars: Service orientation, internal business processes. People focus and financial sustainability. Below is a brief highlight of our commitment in each pillar.

8. Community Engagements

The Authority currently does not have community engagements, but it endeavours to participate actively in the future.

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4. Statement of Project Management responsibilities

The Director General NTSA and the Project Coordinator for HoAGDP project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2022.

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 (v) Making accounting estimates that are reasonable in the circumstances.

The Director General NTSA and the Project Coordinator for HoAGDP 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 NTSA and the Project Coordinator for HoAGDP project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2022, and of the Project's financial position as at that date. The Director General NTSA and the Project Coordinator for HoAGDP 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 NTSA and the Project Coordinator for HoAGDP project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

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 and the Project Implementation team leader for HoAGDP project on 02nd November 2022 and signed by them.

Director General

Name:

George Njiru

PIT Leader

Name:

Beatrice Oluwa

Project's Finance Specialist

Name:

Wycliffe Wasiko

ICPAK Member No.

4267

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (IDA CREDIT NO.6768 KE) FOR THE YEAR ENDED 30 JUNE, 2022 – NATIONAL TRANSPORT AND SAFETY AUTHORITY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) – National Transport and Safety Authority set out on pages 1 to 36, which comprise of the statement of financial assets as at 30 June, 2022, 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 the Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) – National Transport and Safety Authority as at 30 June, 2022, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 and comply with the Financing Agreement Number 6768 dated 7 October 2020 between the International Development Association (IDA) and the Republic of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) – National Transport and Safety Authority 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 audit 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 which, in my professional judgment, were of most significance in the audit of the financial statements. There were no key audit matters in 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 on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective

Basis for Conclusion

Lack of Internal Audit Reports

As reported in the previous year, the Project was not audited by the internal audit department as provided for in the Project's Appraisal Document Annex 1 Paragraph 14 during the year under review. Although Management explained that the internal audit was carried out under Finance Department and Corporate Research, Strategy and Planning Department audits, no Internal Audit reports relating to the projects were provided for verification.

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to sustain its services, disclosing as applicable, matters related to

Report of the Auditor-General on Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) for the year ended 30 June, 2022 – National Transport and Safety Authority

sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 which 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 controls 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 controls would not necessarily disclose all matters in the internal controls which 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 which 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 controls 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 which 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 controls.
- 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 which may cast significant doubt on the Project's 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 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 which 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls which are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 November, 2022

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022*

6. Statement of Receipts and Payments for the year ended 30th June 2022.

	Note	2021-2022			Total	2020-2021			Total	Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Kshs.		Receipts and payment controlled by the entity	Payments made by third parties	Kshs.		
Receipts					Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Transfer from Government entities	1	-	-	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants	2	-	-	-	-	-	-	-	-	-
Loan from external development partners	3	128,930,395	60,585,875	189,516,270	49,313,456	238,829,726	-	49,313,456	238,829,726	-
Miscellaneous receipts	4	-	-	-	-	-	-	-	-	-
Total receipts		128,930,395	60,585,875	189,516,270	49,313,456	238,829,726	-	49,313,456	238,829,726	-
Payments										
Compensation to employees	5	-	-	-	-	-	-	-	-	-
Purchase of goods and services	6	8,269,562	-	8,269,562	-	8,269,562	-	-	8,269,562	-
Social security benefits	7	-	-	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	130,723,293	60,585,875	191,309,169	6,289,655	197,598,824	-	6,289,655	197,598,824	-
Transfers to other government entities	9	-	-	-	-	-	-	-	-	-
Other grants and transfers /payments	10	20,644	-	20,644	600	21,244	-	600	21,244	-
Total payments		139,013,499	60,585,875	199,599,375	6,290,255	205,889,630	-	6,290,255	205,889,630	-
Surplus/ (deficit)		(10,083,104)	-	(10,083,104)	43,023,201	32,940,097	-	43,023,201	32,940,097	-

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

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

.....

Name **George Njiru**
Director General

.....

Name **Beatrice Oluwa**
Project Implementation Coordinator

.....

Name **Wycliffe Wasike**
Project's Finance Specialist
ICPAK Member No: **4267**

7. Statement of Financial Assets as at 30th June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11.A	301,211	43,023,201
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
Total Cash and Cash equivalents		301,211	43,023,201
Advance Payments to Suppliers	12	32,638,887	-
Total Financial Assets		32,940,097	43,023,201
Financial Liabilities			
Deposits and Retention monies	13	-	-
Net Assets		32,940,097	43,023,201
Represented By			
Fund Balance B/fwd.	14	43,023,201	-
Prior Year adjustments	15	-	-
Surplus/(Deficit) for the Year		(10,083,104)	43,023,201
Net Financial Position		32,940,097	43,023,201

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 02 Nov 2022 and signed by:

.....
 Name
 Director General

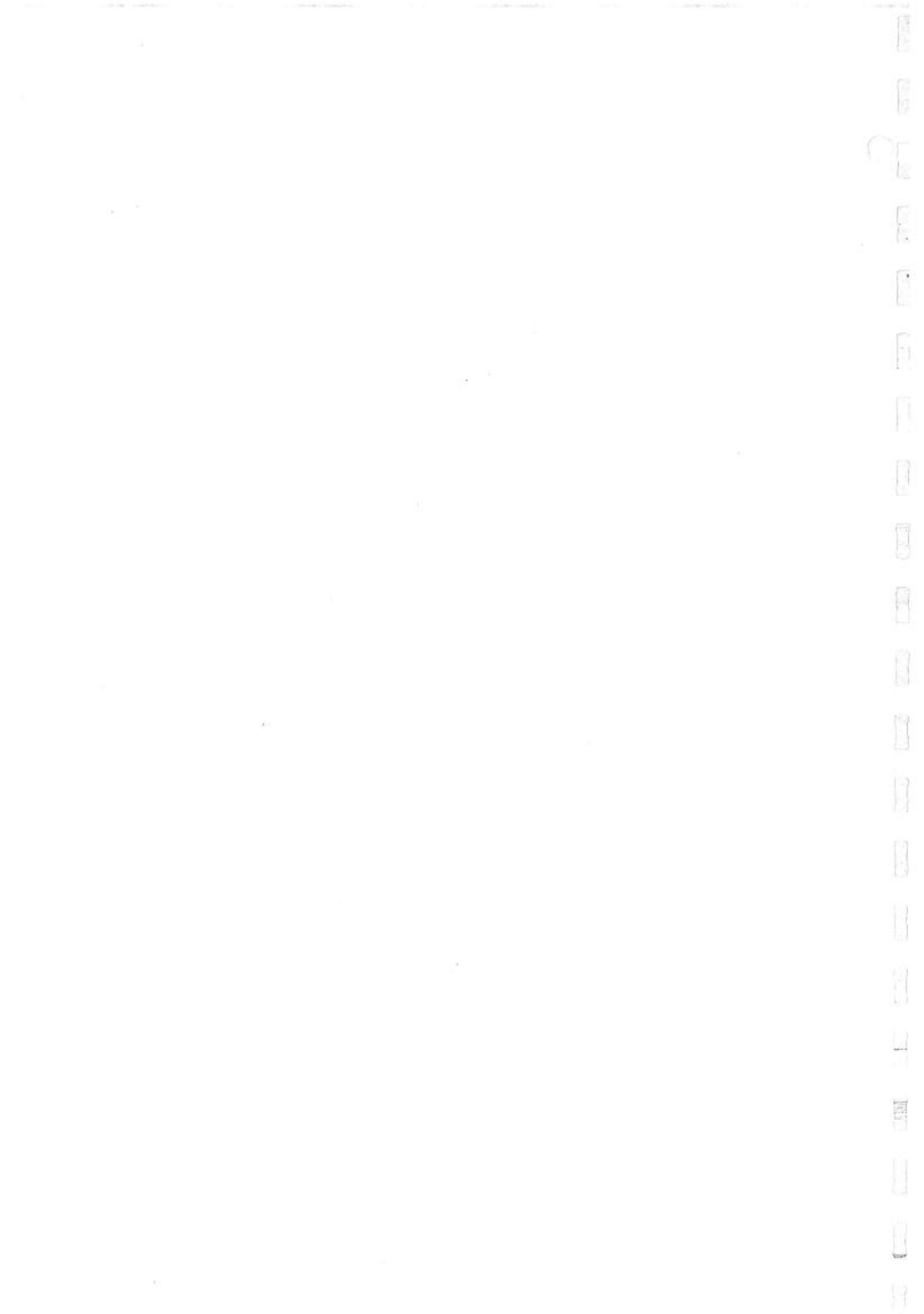
.....
 Name *Beatrice Olwa*
 Project Coordinator

.....
 Name *Wycliffe Wasika*
 Project's Finance Specialist
 ICPAK Member No: *4267*



8. Statement of Cashflow for the year ended 30th June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	-	-
Proceeds from domestic and foreign grants	2	-	-
Miscellaneous receipts	4	-	-
Total receipts		-	-
Payments			
Compensation of employees	5	-	-
Purchase of goods and services	6	8,269,562	-
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	20,644	600
Total Payments		(8,290,206)	(600)
Adjustments during the year			
Prior year adjustments	15	-	-
Decrease/(increase) in accounts receivable	16	(32,638,887)	-
Increase/(decrease) in accounts payable:	17	-	-
Net cash flow from operating activities		(40,929,093)	(600)
Cashflow from investing activities			
Acquisition of non-financial assets	8	(130,723,293)	(6,289,655)
Net cash flows from investing activities		(130,723,293)	(6,289,655)
Cash flow from financing activities			
Proceeds from foreign borrowings	3	128,930,395	49,313,456
Net cash flow from financing activities		128,930,395	49,313,456



Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Net increase in cash and cash equivalents		(42,721,991)	43,023,201
Cash and cash equivalent at beginning of the year	11	43,023,201	-
Cash and cash equivalent at end of the year	11	301,210	43,023,201

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 02/11/2022 and signed by:

.....
 Name
 Director General

.....
 Name *Beatrice Oluwa*
 Project Coordinator

.....
 Name *Wycliffe Wasike*
 Project's Finance Specialist
 ICPAK Member No: *4267*

2

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

9. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2022

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	0%
Proceeds from domestic and foreign grants	-	-	-	-	-	0%
Proceeds from borrowings	159,729,056	500,000,000	659,729,056	189,516,271	470,212,785	29%
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	159,729,056	500,000,000	659,729,056	189,516,271	470,212,785	29%
Payments						
Compensation to employees	-	-	-	-	-	-
Purchase of goods and services	-	20,000,000	20,000,000	8,269,562	11,730,438	41%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	159,709,056	479,932,000	639,641,056	191,309,169	448,331,887	30%
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	20,000	68,000	88,000	20,644	67,356	23%
Total Payments	159,729,056	500,000,000	659,729,056	199,599,375	460,129,681	30%
Surplus or Deficit	-	-	-	(10,083,104)	10,083,104	

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

.....
Name
Director General

.....
Name *Beatrice Olwa*
Project Coordinator

.....
Name *Wycliffe Wasike*
Project's Finance Specialist
ICPAK Member No: *4267*

10. Significant Accounting Policies

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

10.1 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.

10.2 Reporting entity

The financial statements are for the Horn of Africa Gateway Development Project under the National Transport and Safety Authority. The financial statements are for the Authority's Horn of Africa Gateway Development Project as required by Section 81 of the PFM Act, 2012.

10.3 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 Recognition of receipts

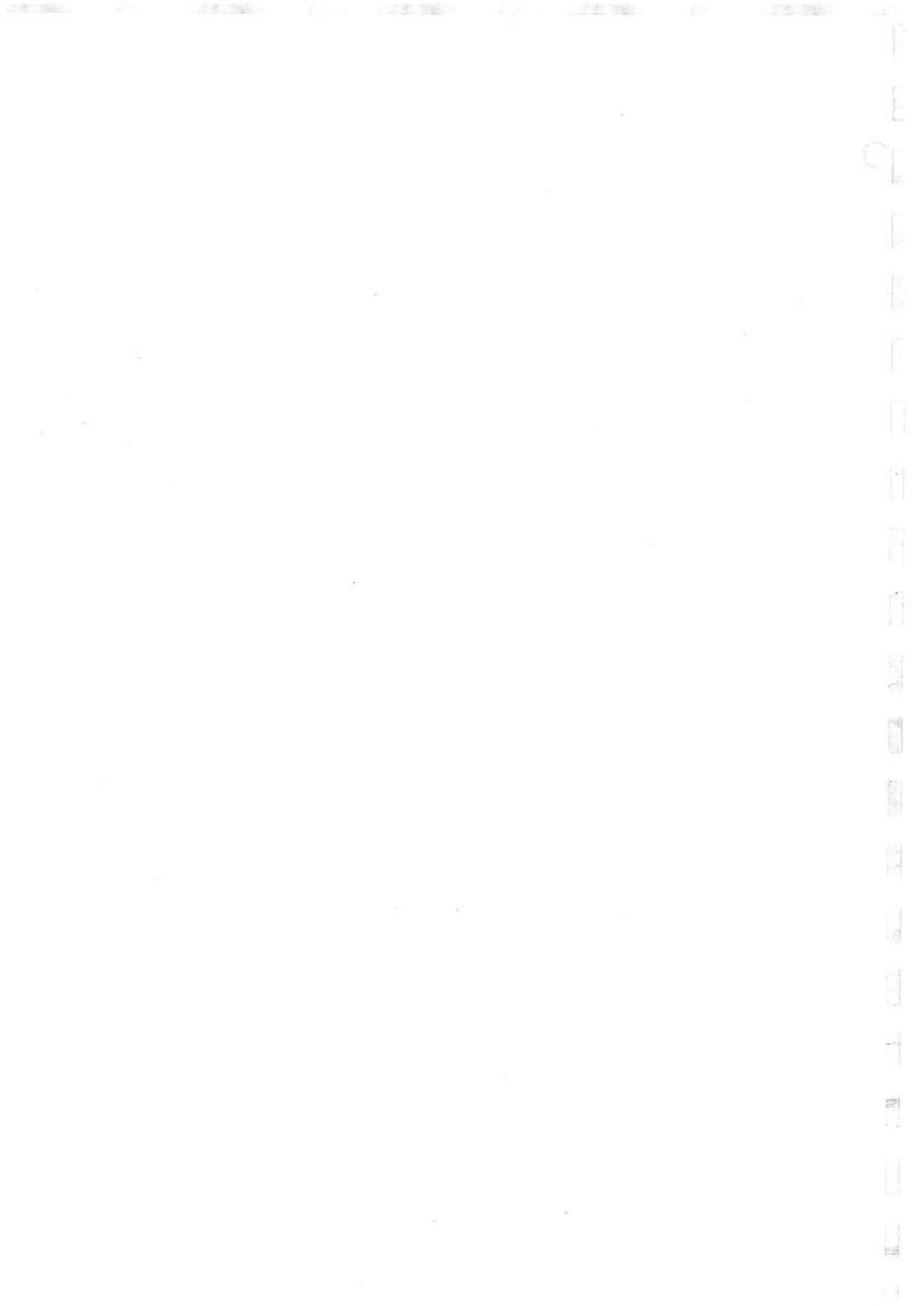
The Horn of Africa Gateway Development Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

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.

ii) External Assistance

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



Significant Accounting Policies (Continued)

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 at the time associated cash is received.

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

10.5 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 to employees

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



Significant Accounting Policies (Continued)

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 incur 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.

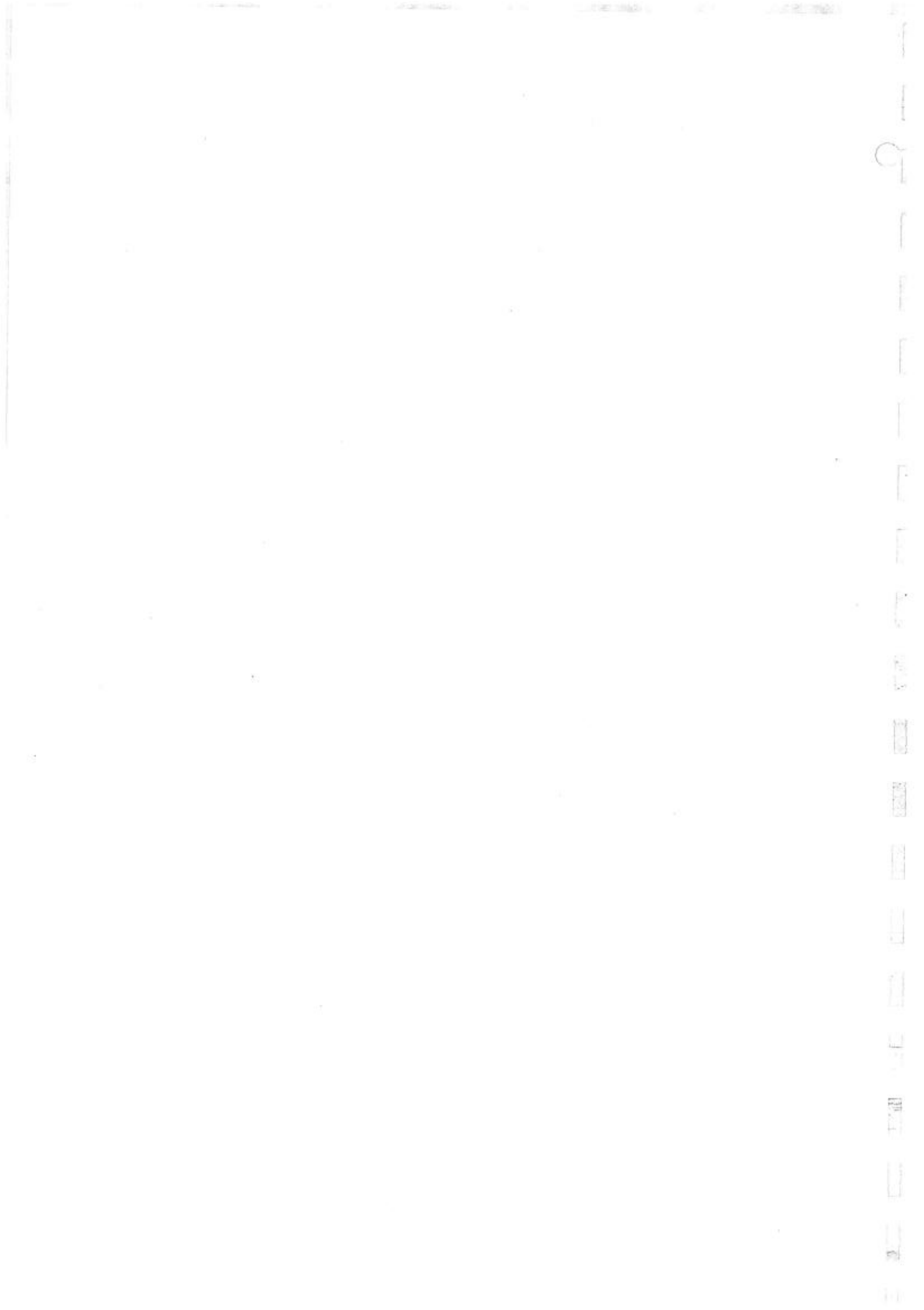
v) Acquisition of fixed assets

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.

10.6 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.



Significant Accounting Policies (Continued)

10.7 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.

10.8 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.

10.9 Imprests and Advances

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.

10.10 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:

Significant Accounting Policies (Continued)

- 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.

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

10.11 Contingent Assets

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

10.12 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' 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.



Significant Accounting Policies (Continued)

10.13 Budget

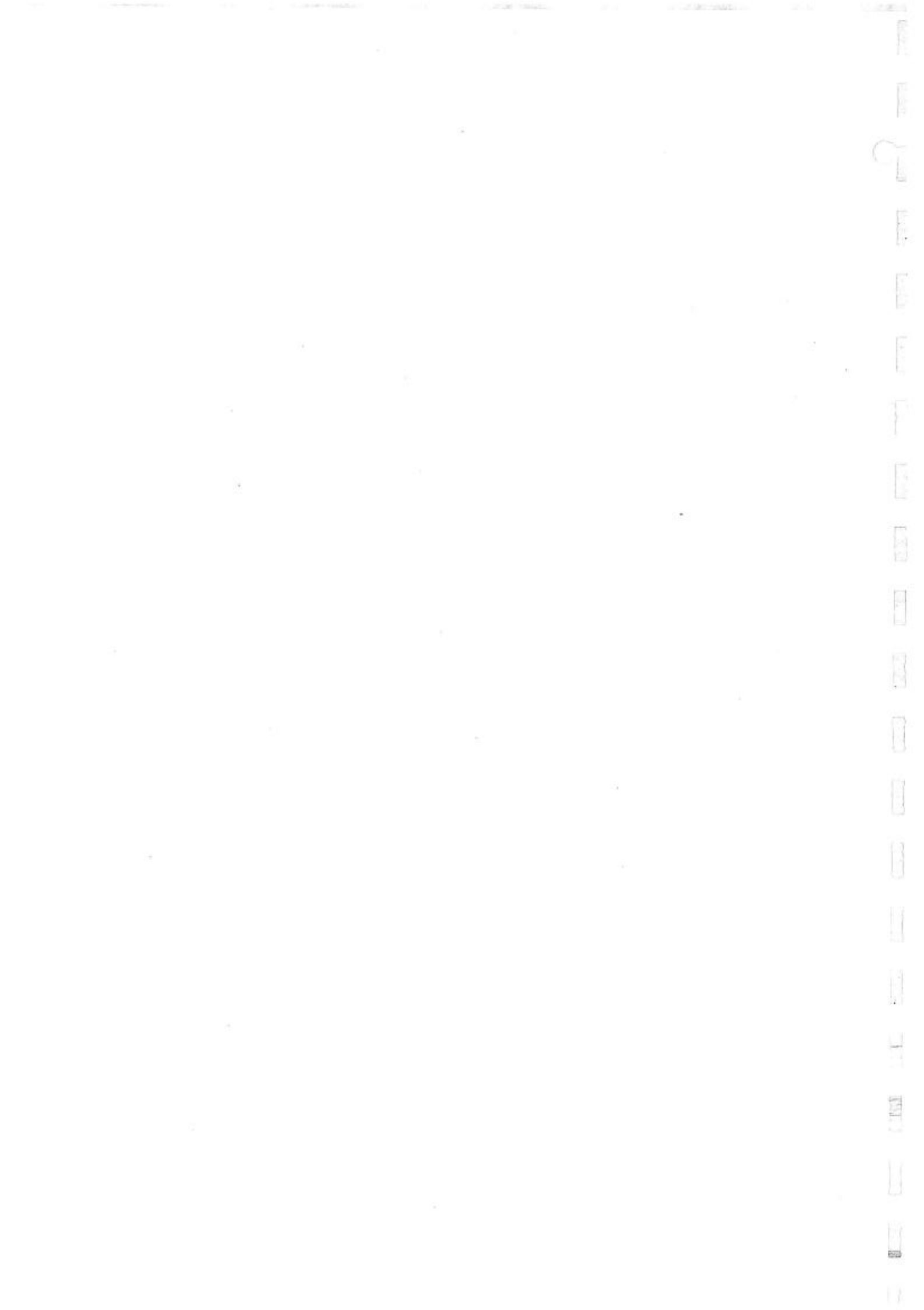
The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial 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*.

10.14 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, the Authority did not receive any form of direct payments from third parties.

10.15 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.



Significant Accounting Policies (Continued)

10.16 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.

10.17 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, 2022.

10.18 Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). During the FY 2021-22, there was no prior period adjustments.



11. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	KShs	KShs	Cumulative to-date (from inception)
	2021-2022	2020-2021	
Counterpart funding through Ministry xxx			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
Total (See Annex 2)	-	-	-
Other transfers from government entities			
Ministry	-	-	-
Total	=	=	=
Appropriations-in-Aid	-	-	-
Total	=	=	=

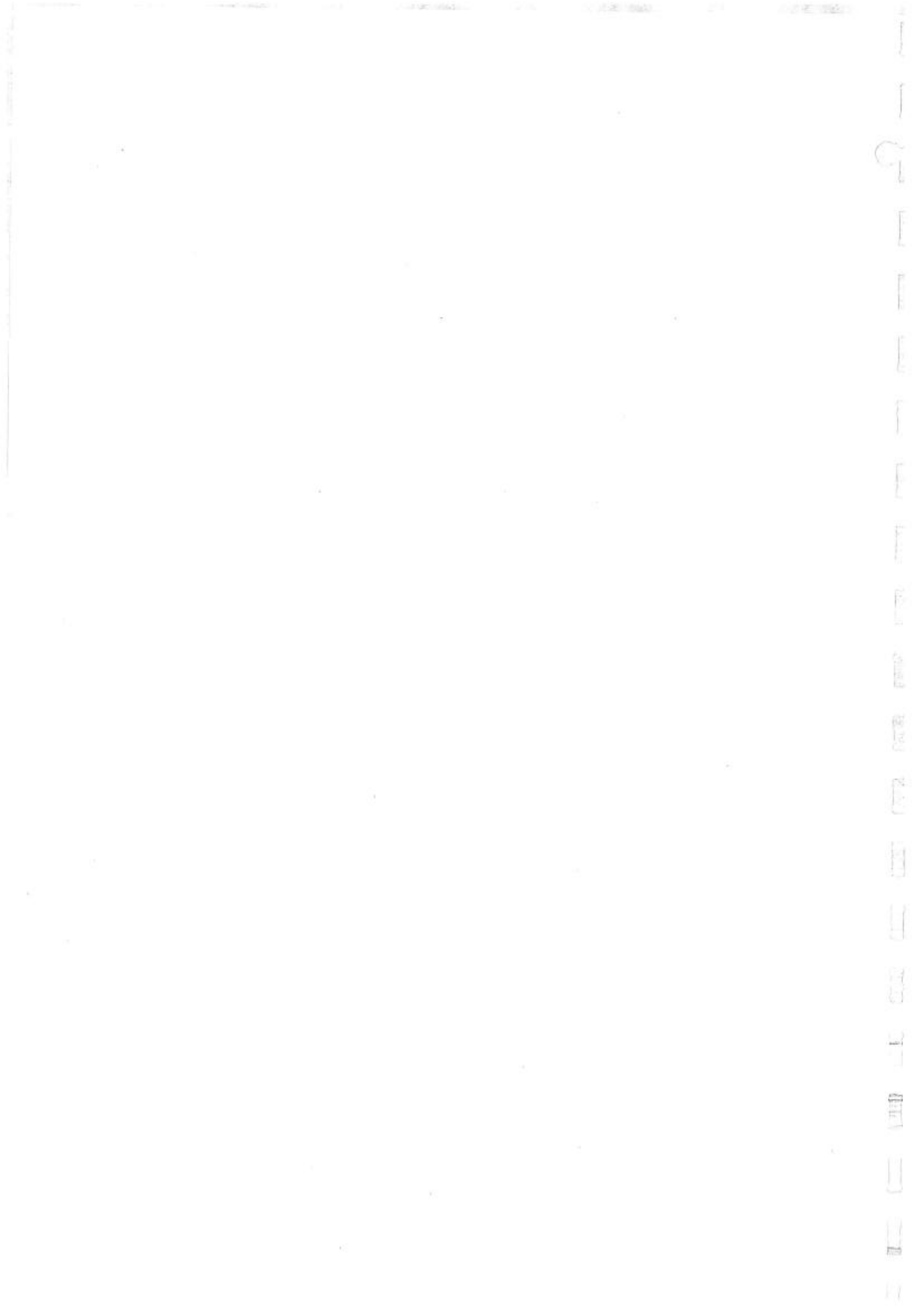
Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2022, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in Kshs	
						2021-2022 Kshs	2020-2021 Kshs
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-
Insert name of international organization	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-
Insert name of individual or local organization	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-



Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the financial period to 30 June 2022, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

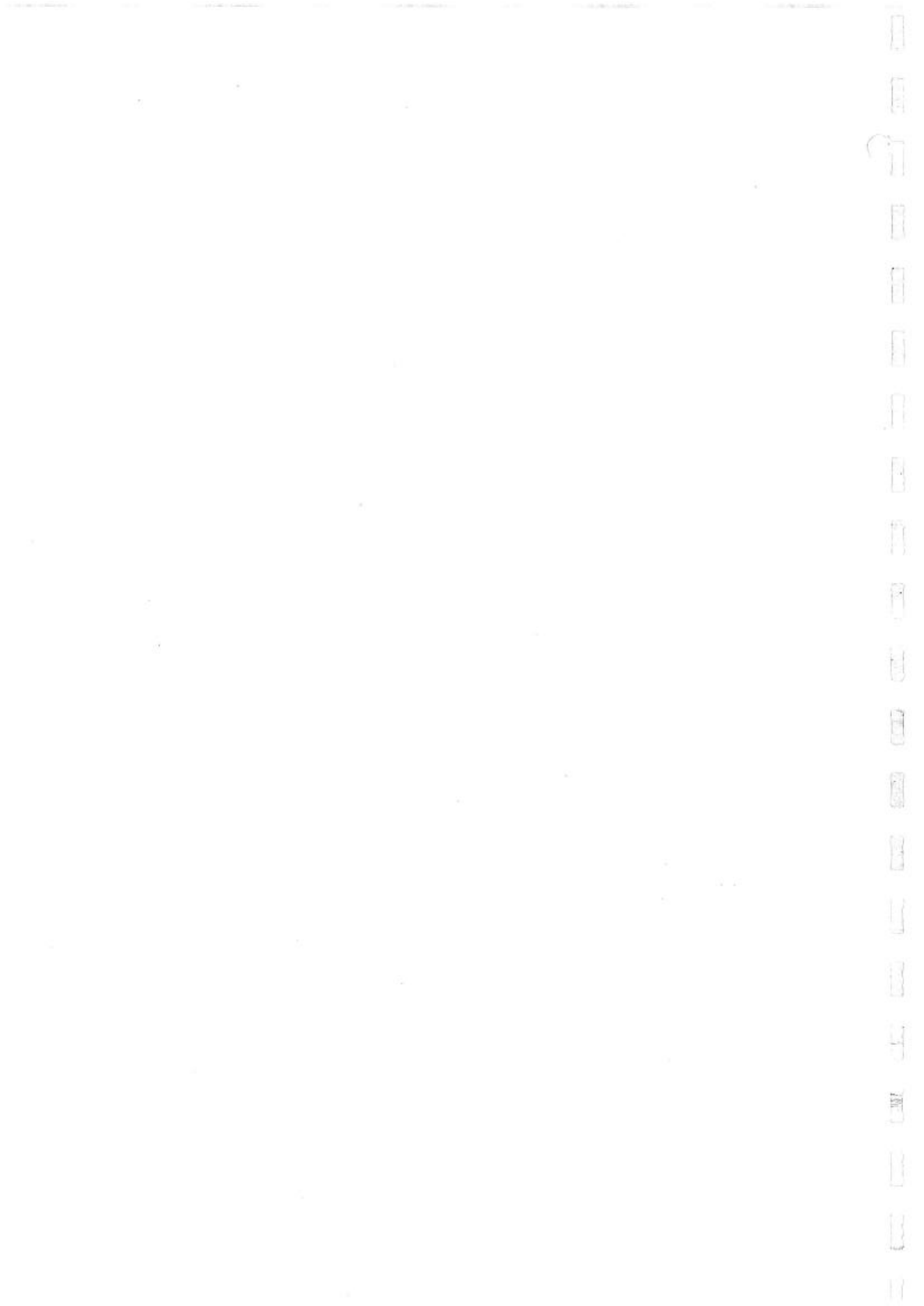
Name of Donor	Date received	Amount in loan currency	Loans received in cash Kshs	Loans received as direct payment* Kshs	Total amount in Kshs	
					2021-2022	2020-2021
Loans received from bilateral Donors (Foreign Governments)	-	-	-	-	-	-
Loans received from Multilateral Donors (International Organizations)	-	-	-	-	-	49,313,456
International Development Association (IDA)	18th Feb. 2022	382,495	48,925,739	-	48,925,739	-
International Development Association (IDA)	20th Jun. 2022	638,616	80,004,657	-	80,004,657	-
International Development Association (IDA)	14 th Jan. 2022	-	-	60,585,875	60,585,875	-
Total	-	1,021,111	128,930,396	60,585,875	189,516,270	49,313,456

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

	2021-2022			2020/2021	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts		
	Kshs	Kshs	Kshs	Kshs	Kshs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	-
Total	-	-	-	-	-



Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Notes to the Financial Statements (Continued)

5. Compensation to Employees

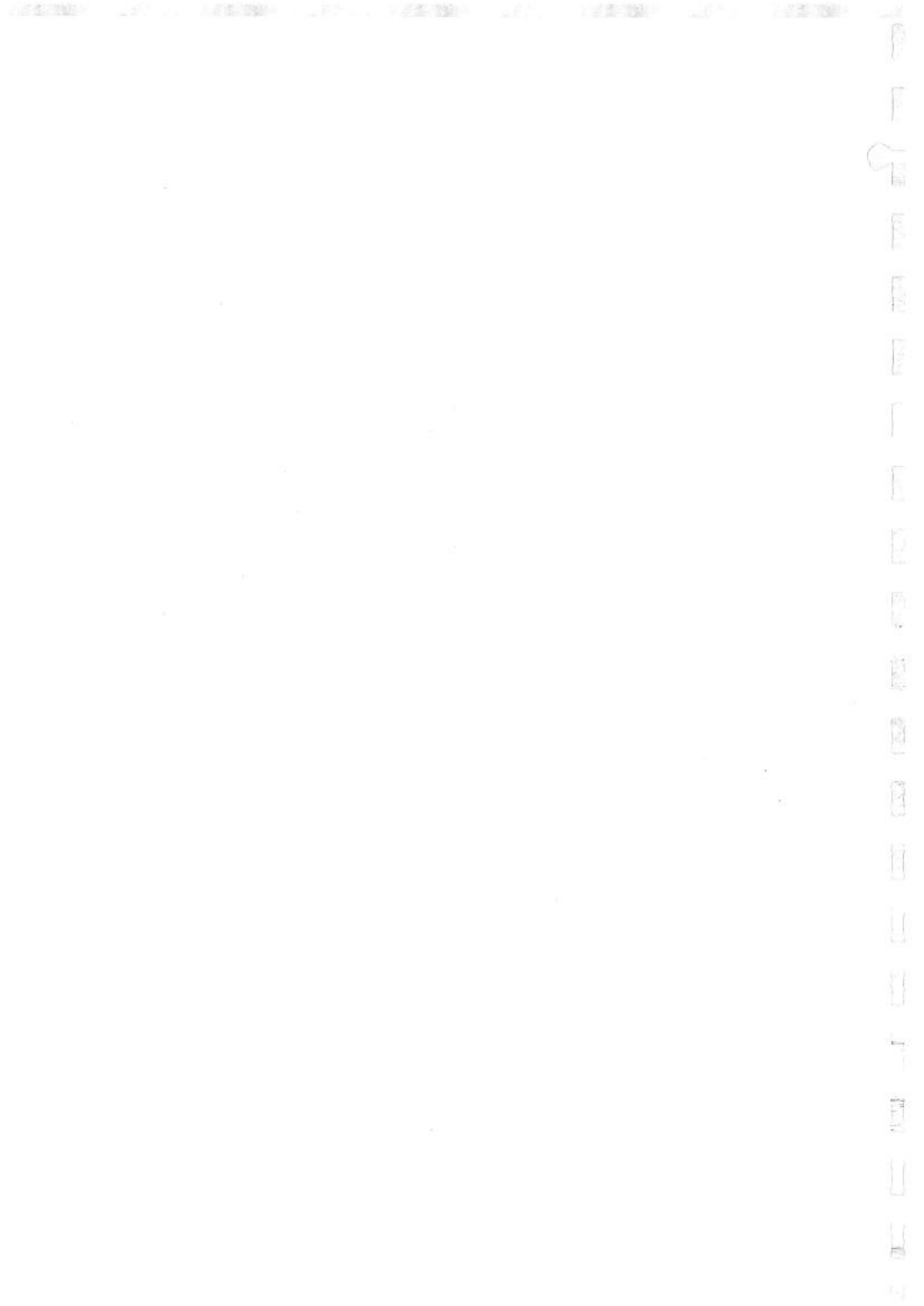
	2021/2022			2020/2021		Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
-	-	-	-	-	-	-
Basic salaries of permanent employees	-	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-	-
Other personnel payments	-	-	-	-	-	-
Total	-	-	-	-	-	-



Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

	2021/2022			2020/2021	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	2,198,900	-	2,198,900	-	2,198,900
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising, and information supplies	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	-	-
Hospitality supplies and services	418,644	-	418,644	-	418,644
Insurance costs	-	-	-	-	-
Specialized materials and services	5,652,018	-	5,652,018	-	5,652,018
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	8,269,562	=	8,269,562	=	8,269,562



Notes to the Financial Statements (Continued)

7. Social Security Benefits

	2021-2022			2020-2021	Cumulative to-date Kshs
	Payments made by the Entity in Cash Kshs	Payments made by third parties Kshs	Total Payments Kshs	Total Payments Kshs	
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	==	==	==	==	==

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

	Payments made in Cash	2021-2022		Total payments	Total payments 2020-2021	Cumulative to-date
		Kshs.	Kshs.			
Purchase of buildings	-	-	-	-	-	-
Construction of buildings	-	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-	-
Construction of roads	-	-	-	-	-	-
Construction of civil works	-	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	6,289,655	6,289,655	6,289,655
Overhaul of vehicles & other transport equipment	-	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	114,282,941	60,585,875	174,868,816	-	174,868,816	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-	-
Purchase of certified seeds, breeding stock and live	-	-	-	-	-	-

***Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

	Payments made in Cash	Payments made by third parties	2021-2022		2020-2021		Cumulative to-date
			Total payments	Total payments	Total payments	Total payments	
animals							
Research, studies, project preparation, design & supervision	-	-	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-	-	-
Acquisition of land	-	-	-	-	-	-	-
Acquisition of other intangible assets	16,440,352	-	-	16,440,352	-	16,440,352	
Total	130,723,294	60,585,875	191,309,169	6,289,655	197,598,824		

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2022, we transferred funds to reporting government entities as shown below:

	Payments made in Cash	Payments made by third parties	Total payments	Total payments 2021-2020	Cumulative to- date
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to National Government entities					
Ministry	-	-	-	-	-
Project	-	-	-	-	-
	-	-	-	-	-
Transfers to County Governments	-	-	-	-	-
County ABC	-	-	-	-	-
	-	-	-	-	-
Total	==	==	==	==	==

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

	Payments made in Cash	2022-2021		Total payments	Total payments 2020-2021	Cumulative to-date
		Kshs	Kshs			Kshs
Grants for scholarships	-	-	-	-	-	-
Transfers to lower levels of government e.g. schools	-	-	-	-	-	-
Miscellaneous payments/Bank Charges	20,644	-	20,644	600	21,244	
Total	20,644	-	20,644	600	21,244	

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

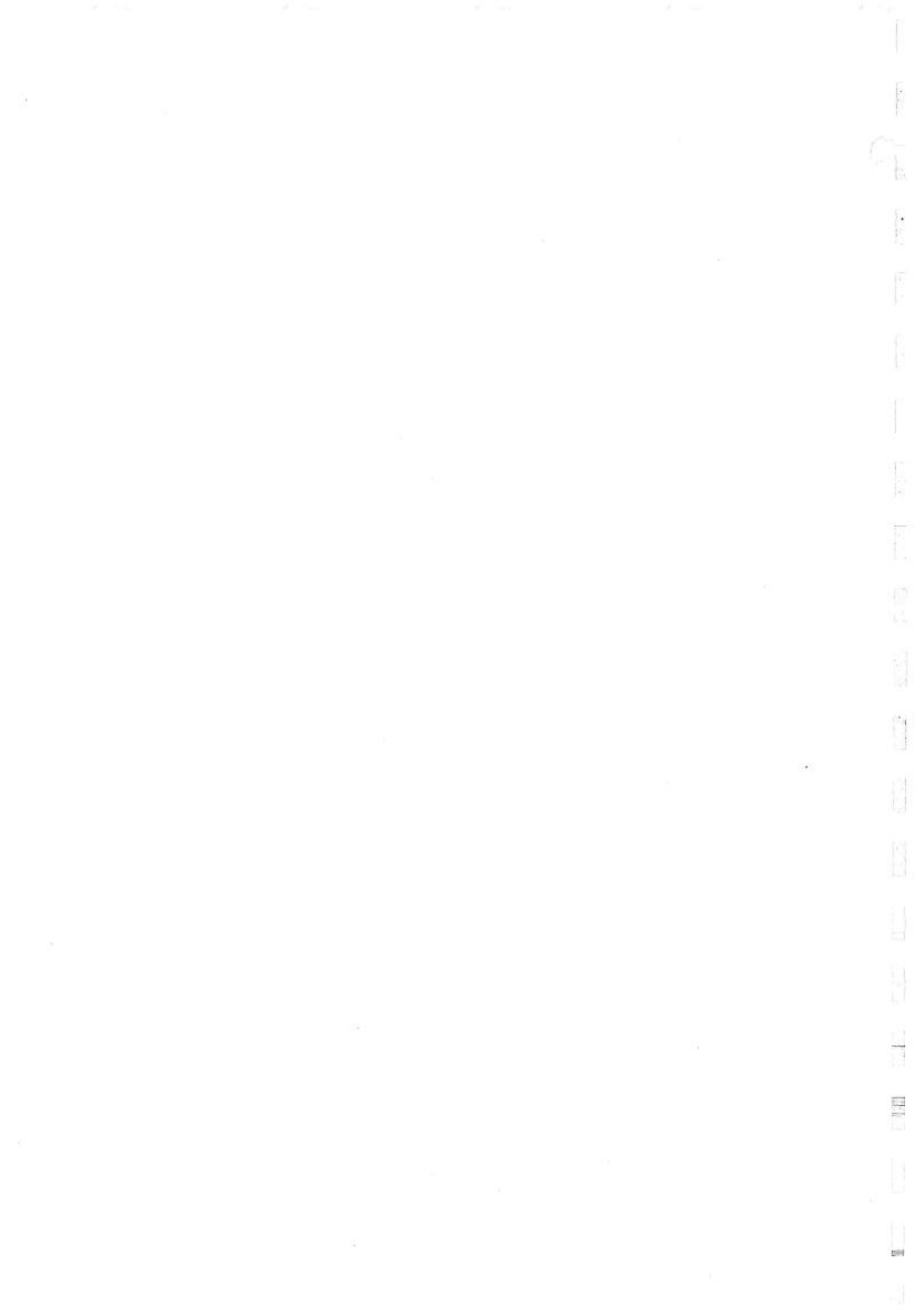
Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts (Note 11 A)	301,210.90	43,023,201.20
Cash in hand (Note 11 B)	-	-
Cash equivalents (short-term deposits) (Note 11 C)	-	-
Total	<u>301,210.90</u>	<u>43,023,201.20</u>

The Horn of Africa Gateway Development Project has one project account spread within the project implementation area and no foreign currency designated account managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	2021-2022	2020-2021
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Total Foreign Currency balances	=	=
<u>Local Currency Accounts</u>		
Kenya Commercial Bank [A/c No. 1282371665]	301,211	43,023,201
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (specify)	-	-
Total local currency balances	<u>301,211</u>	<u>43,023,201</u>
Total bank account balances	<u>301,211</u>	<u>43,023,201</u>



Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	2021-2022	2020-2021
	Kshs	Kshs
(i) A/C Name [A/c No. 1000474847]		
Opening balance	592,236,159	-
Total amount deposited in the account	52,724,787	654,482,500
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>128,930,395</u>	<u>49,313,456</u>
Foreign exchange loss (Unrealised)	<u>17,023,535</u>	<u>12,236,885</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>499,007,016</u>	<u>592,236,159</u>

The funds held were valued at Kshs. 499,007,016 based on exchange rate of 124.0203 thereby indicating a loss in value of Kshs. 17,023,535. However, this loss is not realised as at 30th June since funds were not received by the Authority.

The Special Deposit Account reconciliation statement has been attached as Appendix ii to support these closing balances.

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	2021-2022	2020-2021
	KShs	KShs
Location 1	-	-
Total cash in hand balances	=	=

11 C Cash equivalents (short-term deposits)

Description	2021-2022	2020-2021
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	-	-
Total	=	=

12. Advance Payment to Suppliers

Description	2021-2022	2020-2021
	Kshs	Kshs
Payments to Suppliers (Advance Payment)	32,638,887	-
Total	32,638,887	-

Notes to the Financial Statements (Continued)

12b: Breakdown Advances to Suppliers

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2022	Balance 2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Juniper Intakes Ltd	16,108,705	-	-	16,108,705	-
Data Integrated Ltd	16,530,182			16,530,182	=
Total	<u>32,638,887</u>	=	=	<u>32,638,887</u>	=

13. Deposits and Retention Monies

Description	2021-2022	2020-2021
	Kshs	Kshs
Retention	-	-
Deposits	-	-
Total	-	-

14. Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts	43,023,201	43,023,201
Cash in hand	-	-
Accounts Receivable	-	-
Total	43,023,201	43,023,201

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f FY (2020/2021 audited financial statements)	Adjustments	Adjusted balance b/f FY 2020/2021
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Total	-	-	-

16. Changes in Receivable

Description	2020-2021	2019-2020
	Kshs	Kshs
Opening Receivables as at 1 st July 2021	-	-
Closing account receivables as at 30 th June 2022	(32,638,887)	-
Change in Receivables	(32,638,887)	-

17. Changes in Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2021	-	-
Closing accounts payables as at 30 th June 2022	-	-
Change in payables	-	-

2

12. Other Important Disclosures

1. Pending Accounts Payable (See Annex 3a)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	-	-	-	-

2. Pending Staff Payables (See Annex 3b)

	Balance b/f FY 2020/20 21	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

Other Important Disclosures (Continued)

3. Other Pending Payables (See Annex 3c)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	110,345	7,946,623	110,345	7,946,623
Total	110,345	7,946,623	110,345	7,946,623

4. External Assistance

	2021-2022	2020-2021
Description	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a). External assistance relating loans and grants

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

***Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

Other Important Disclosures (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2021/2022	FY 2020/2021
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c) Classes of providers of external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-



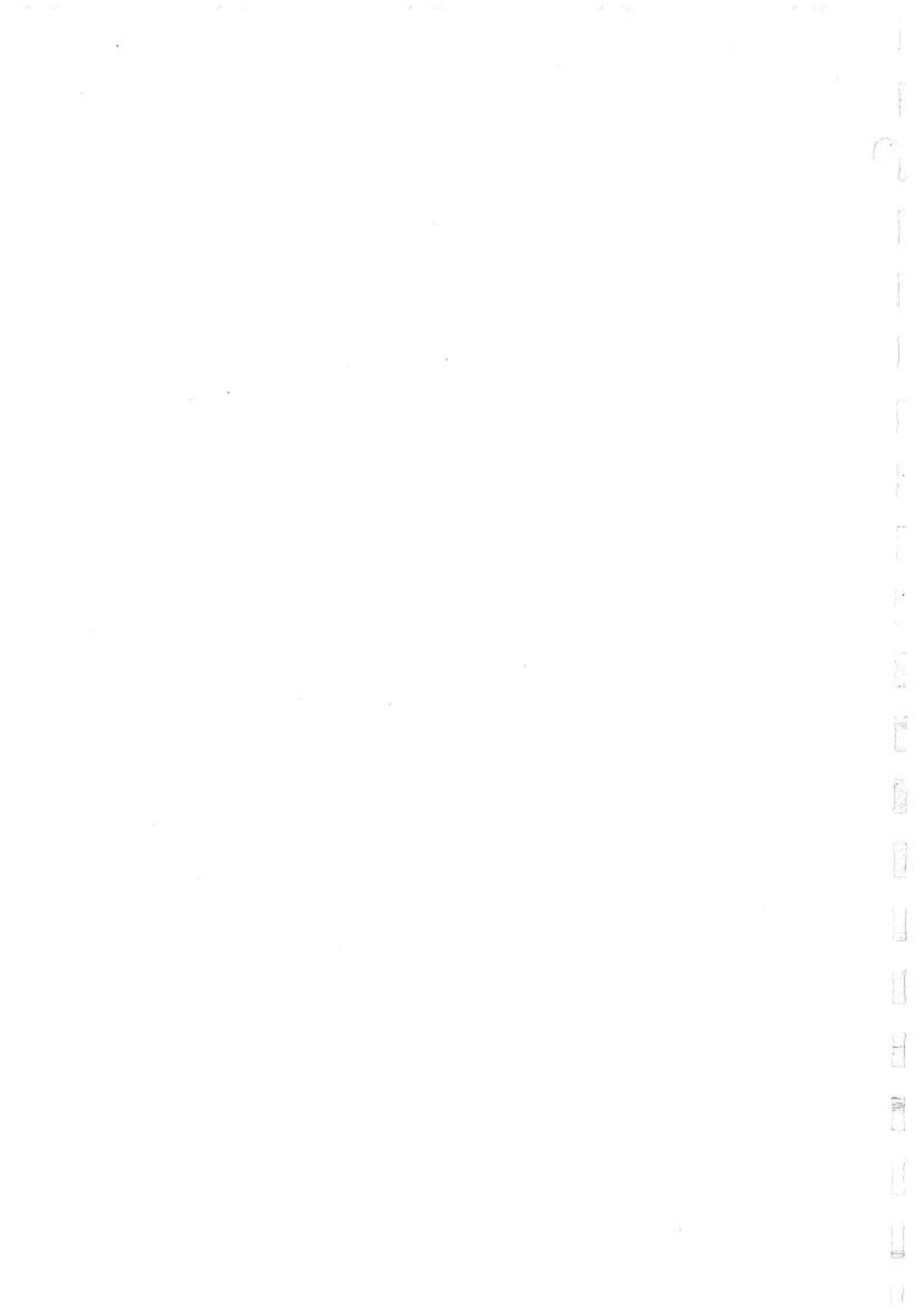
Other Important Disclosures (Continued)

d. Non-monetary external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

e Purpose and use of external assistance

Payments made by third parties	FY 2021/2022	FY 2020/2021
	Kshs	Kshs
Compensation to employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other Government entities	-	-
Other grants and transfers	-	-
Social Security benefits	-	-
Acquisition of assets	-	-
Finance Costs including loan interest	-	-
Repayment of principal on domestic and foreign borrowing	-	-
Other payments	-	-
Total	-	-



Other Important Disclosures (Continued)

f. External Assistance paid by third parties on behalf of Authority by Source

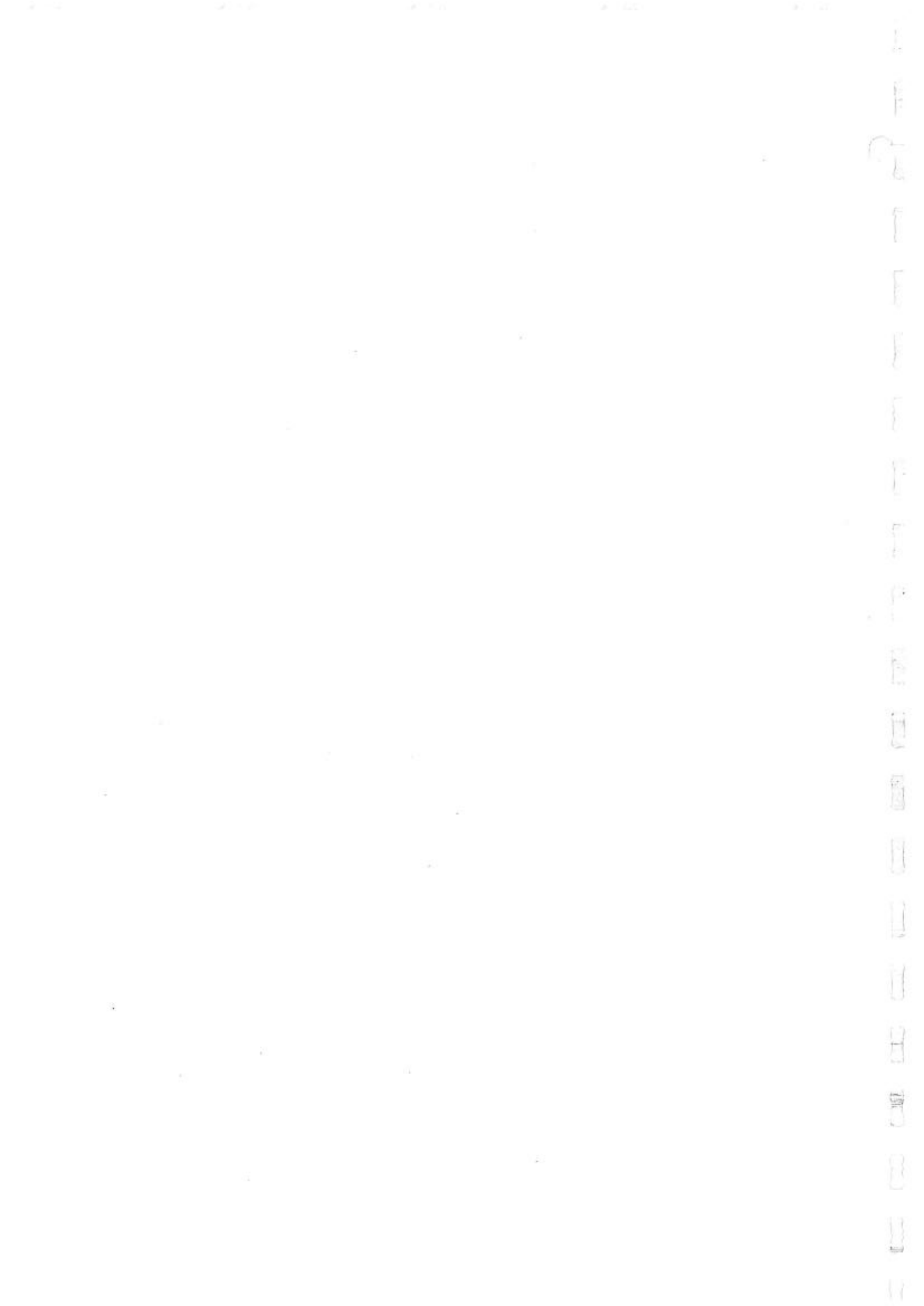
This relates to external assistance paid directly by third parties to settle obligations on behalf of Authority.

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022*

13. Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Lack of Internal Audit Reports During the year under review, the Project was not audited by the internal audit department as provided for in the Project's Appraisal Document Annex 1 Paragraph 14.	The approved internal audit workplan and calendar for the FY 2021/22 and Audit Committee minutes approving it, scheduled to conduct the Finance Department Audit in quarter on FY2021/22 where audit on donations and grants are scheduled. The audit commenced as planned in the Audit Calendar with an Audit Notification sent to Finance Department dated 13 th October 2021. The audit scope outlined in the notification is FY 2020/21 and ordinarily in common practice Internal Audit conducts post audits hence this is an ongoing audit and within schedule. The previous audit conducted on Donor Funded Projects was in the 4 th quarter of the financial year 2019/20 and which looked at audit scope of	Not resolved	FY 2022-23



***Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>the financial years 2018/19 and 2019/20. The audit report was presented to the Audit Committee in July 2020.</p> <p>It would therefore be inaccurate there were lack of Internal Audit Reports. The ongoing audit report which focuses on FY 2020/21 scope will be shared with the management upon completion.</p>		

.....
Name
Director General

.....
Name Beabre Olwa
Project Coordinator

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022*

14. Annexes

Annex1 - Variance explanations - Comparative Budget and Actual amounts for FY 2021-2022

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings	659,729,056	189,516,271	470,212,785	29%	Release of funds depended on implementation of projects
Miscellaneous receipts	-	-	-	-	
Total Receipts	659,729,056	189,516,271	470,212,785	29%	
Payments					
Compensation of employees	-	-	-	-	
Purchase of goods and services	20,000,000	8,269,562	11,730,438	41%	
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	639,641,056	191,309,169	448,331,887	30%	Contracts were signed during the FY 2021-22 and implementation

2

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100% gained currency at the tail end of the FY
Transfers to other government entities	-	-	-	-	
Other grants and transfers	88,000	20,644	67,356	23%	
Total payments	659,729,056	199,599,375	460,129,681	30%	

Confirmation of amounts received by (National Transport and Safety Authority -NTSA)) as at 30 th June 2022							
Amounts Disbursed by Ministry of Interior as at 30 th June 2022							
Reference Number	Date Disbursed	Recurrent Gok Donor (Ksh) a	Development Gok/Donor (Project) (ksh) b	Inter- Ministerial (ksh) c	Total (ksh) D=(a+b+c)	Amount received by (NTSA) as at 30 th June 2022 (ksh) e	Differences (ksh) =(d-e)
FT21215JSF41	03/08/2021	48,650,000.00		0	48,650,000.00	48,650,000.00	0
FT2129261ZMS	19/10/2021	48,650,000.00		0	48,650,000.00	48,650,000.00	0
FT21231BJQ67	19/08/2021		50,000,000.00	0	50,000,000.00	50,000,000.00	0
FT2203942Z85	08/02/2022	48,650,000.00		0	48,650,000.00	48,650,000.00	0
FT22045H0J3X	14/02/2022		48,925,738.65	0	48,925,738.65	48,925,738.65	0
FT2206964T19	10/03/2022		185,857,973.35		185,857,973.35	185,857,973.35	0
FT22109PX8XY	19/04/2022	48,650,000.00		0	48,650,000.00	48,650,000.00	0
FT22109QBD38	19/04/2022		50,000,000.00	0	50,000,000.00	50,000,000.00	0
FT22118M5RL4	28/04/2022	30,000,000.00		0	30,000,000.00	30,000,000.00	0
FT2221815NPCS	30/06/2022	100,000,000.00		0	100,000,000.00	100,000,000.00	0
FT22171L2TJF	20/06/2022		80,004,656.70	0	80,004,656.70	80,004,656.70	0
TOTAL		324,600,000.00	414,788,133.70		739,388,368.70	739,388,368.70	

I confirm that the amounts shown above are correct as of the date indicated

Head of Accounts, State Department for Interior and Citizen Services

Name: JAMES K KAPOL

Signature: [Signature]

Date: 21/7/2022

Head of Accounts & Finance, National Transport and Safety Authority

Name: Wycliffe S. Wasire

Signature: [Signature]

Date: 21/7/2022

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Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Annex 3a - Analysis of Pending Bills

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020-2021	Outstanding Balance 2019/20	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.	-	-	-	-	-	
2.	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Construction of civil works						
3.	-	-	-	-	-	
4.	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Supply of goods						
5.	-	-	-	-	-	
6.	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Supply of services						
7.	-	-	-	-	-	
8.	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Grand Total	-	-	-	-	-	

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Annex 3b - Analysis of Pending: Staff Bills

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020-2021	Outstanding Balance 2019/20	Comments
Permanent Employees - Management							
1.	-	-	-	-	-	-	
2.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Permanent Employees - Others							
3.	-	-	-	-	-	-	
4.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Temporary employees							
5.	-	-	-	-	-	-	
6.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Others (specify)							
7.	-	-	-	-	-	-	
8.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Grand Total	-	-	-	-	-	-	

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Annex 3c - Analysis of other Pending Payables

Name	Brief Description	Original Amount	Date Deducted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2021	Comments
Amounts due to National Govt Entities							
1.	-	-	-	-	-	-	
2.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Amounts due to County Govt Entities							
3.	-	-	-	-	-	-	
4.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Amounts due to Third Parties							
5. Kenya Revenue Authority	5% Tax payable withheld from Isuzu East Africa Ltd	110,345	25.05.2021	110,345	-	110,345	
6. Kenya Revenue Authority	5% Tax payable withheld from the Copy Cat Ltd	7,946,623	26.08.2021	-	7,946,623	-	
Sub-Total	-	8,056,968	-	110,345	7,946,623	110,345	

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Name	Brief Description	Original Amount	Date Deducted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2021	Comments
Others (specify)							
7.	-	-	-	-	-	-	
8.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Grand Total	-	8,056,968	-	110,345	7,946,623	110,345	

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

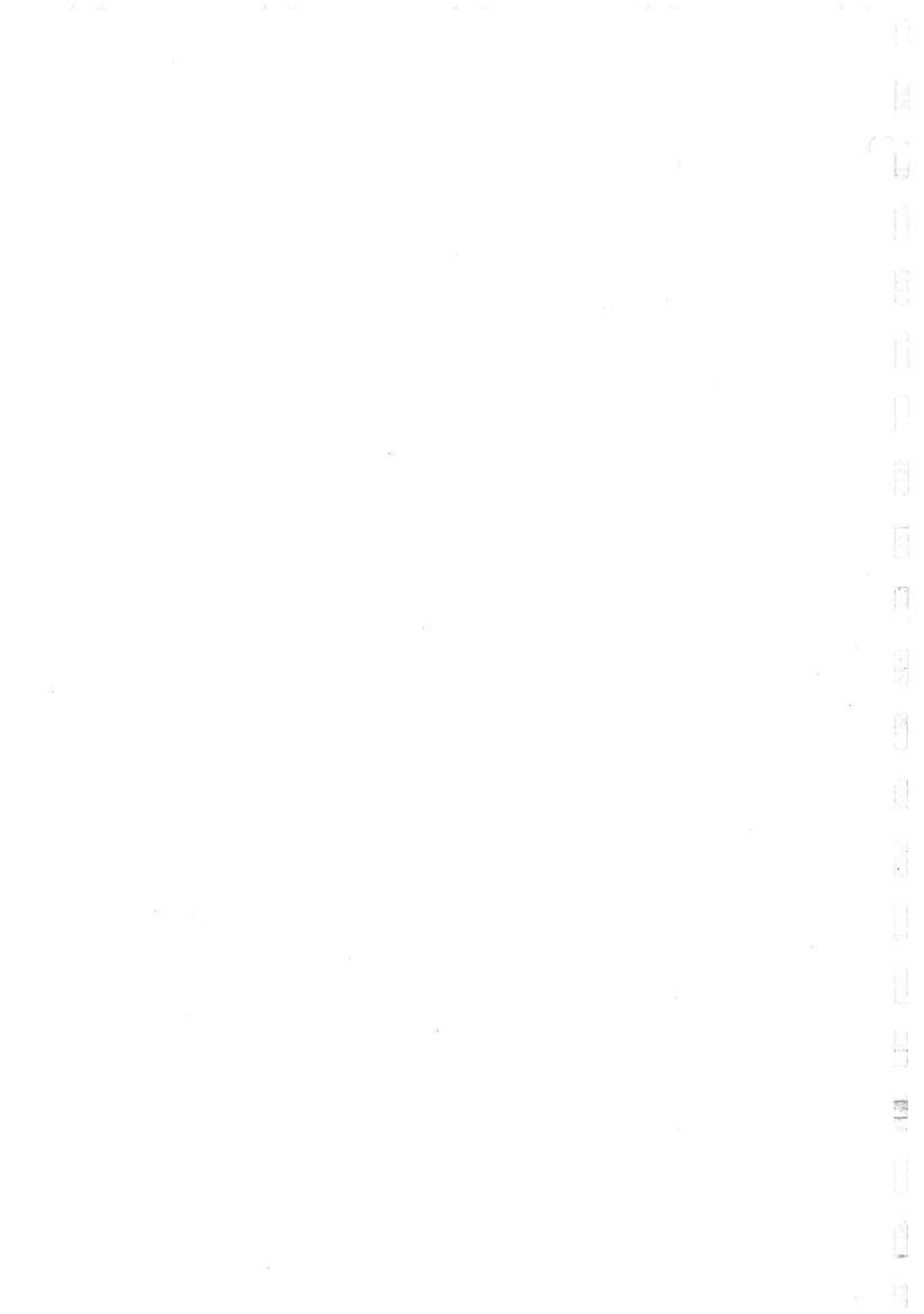
Annex 4 – Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2021/22	Donations in form of assets (KShs) 2021/22	*Purchases/ Additions in the Year (KShs) 2021/22	**Disposals in the Year (KShs) 2021/22	Transfers in/(out) Kshs 2021/22	Closing Cost (KShs) 2022
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Land	-	-	-	-	-	-
Buildings and structures	-	-	-	-	-	-
Transport equipment	6,400,000	-	-	-	-	6,400,000
Office equipment, furniture and fittings	-	-	-	-	-	-
ICT Equipment,	-	-	165,342,760	-	-	165,342,760
Other Machinery and Equipment	-	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Infrastructure assets roads, rails	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Work in Progress	-	-	-	-	-	-
Total	6,400,000	-	165,342,760	-	-	171,742,760

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022*

Annex 5 – Contingent Liabilities Register

	Nature of contingent liability	Payable to	Estimated Amount Kshs	Expected date of payment	Remarks
1	-	-	-	-	
2	-	-	-	-	



***Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

Annex: 6 Reporting of Climate Relevant Expenditures

National Transport and Safety Authority
Telephone: (020)6632123/ (020)6632243
E-mail: dg@ntsa.go.ke
Mr. George Njao

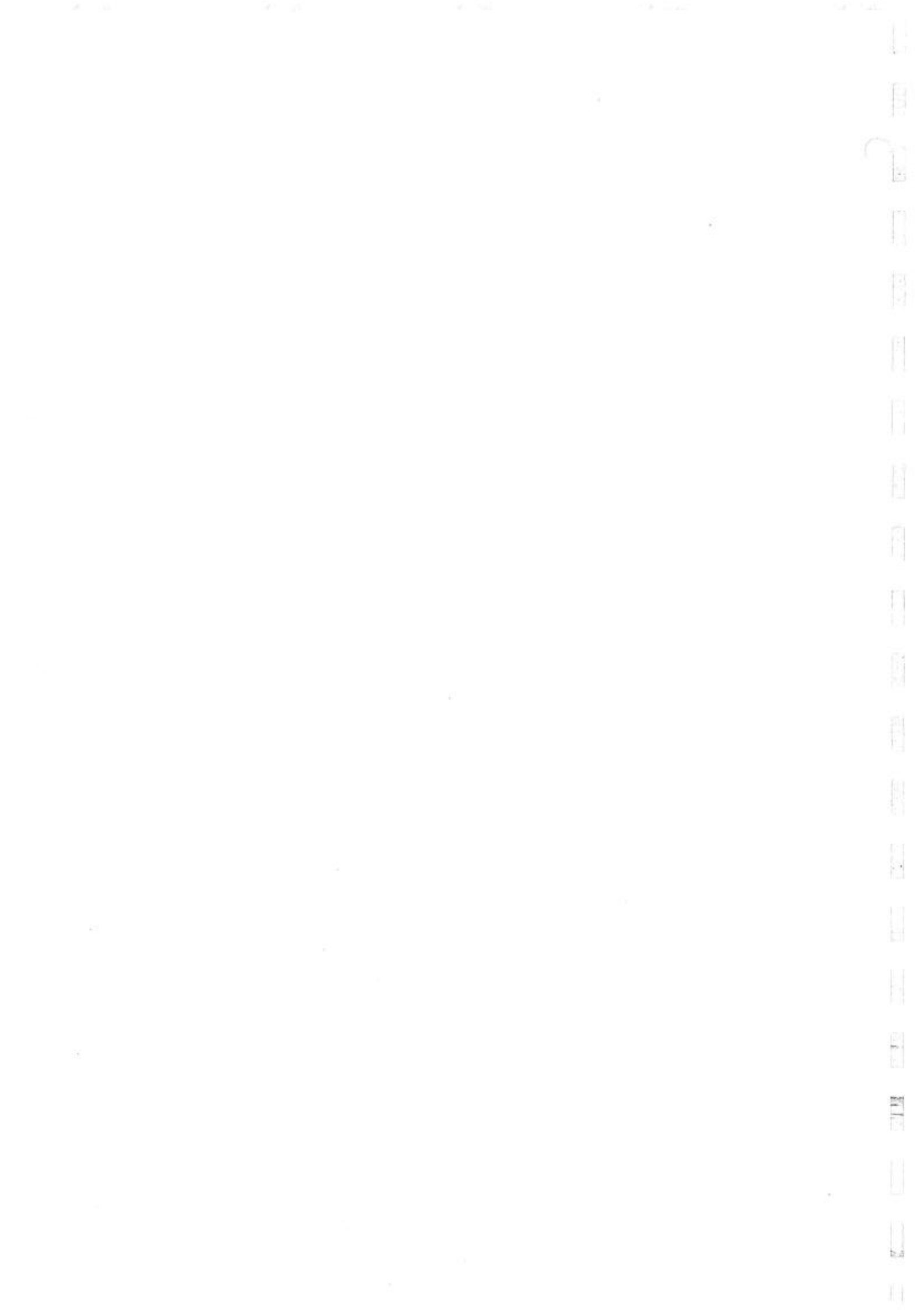
Name and contact details of contact person (in case of any clarifications)- Mr. George Njao

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

*Horn of Africa Gateway Development Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Annex 7 Disaster Expenditure Reporting Template

Date:						
Entity						
Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A						




***Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

Annex 8: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2022

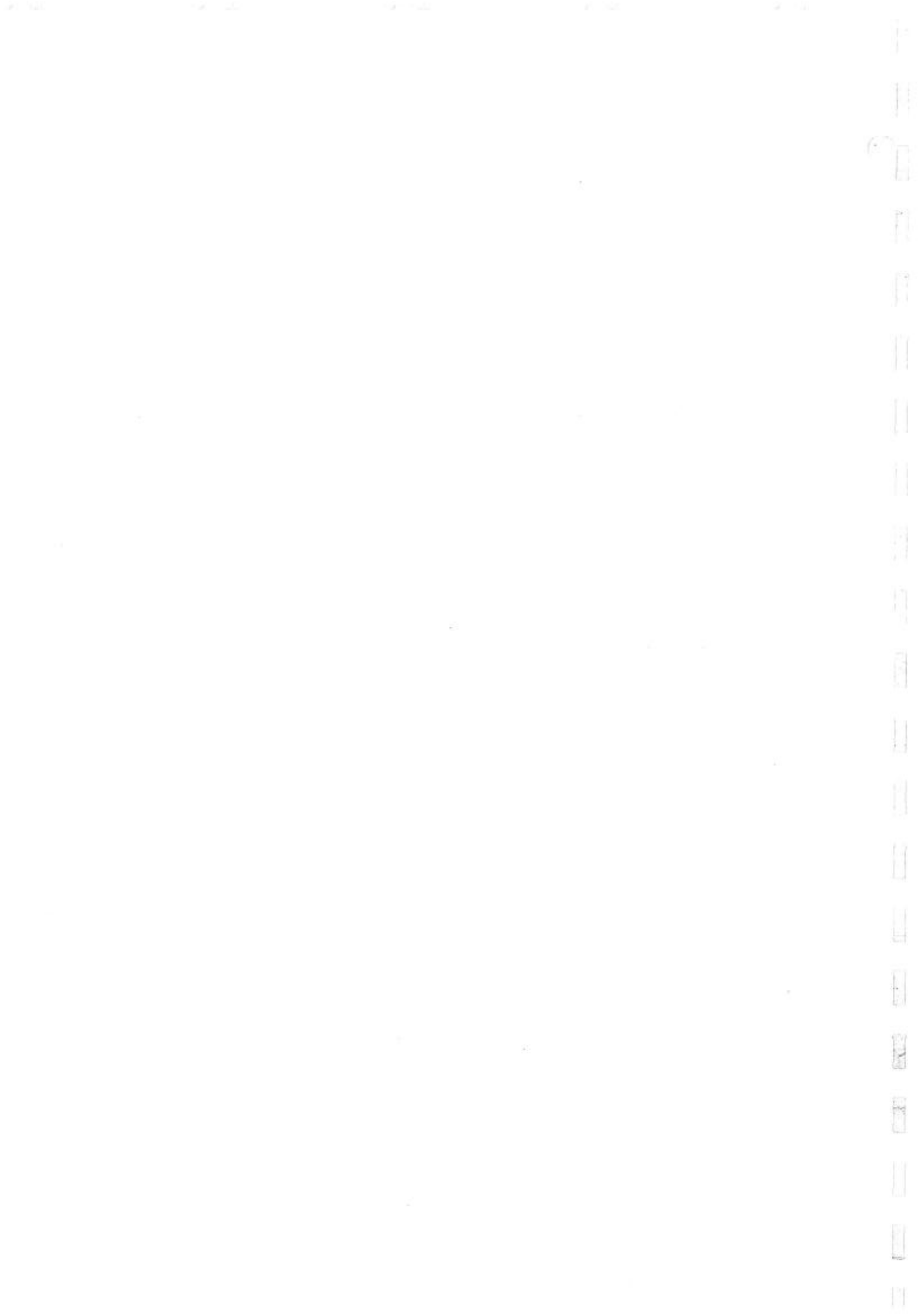
Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

 NITSA <small>Keep our roads safe</small>	
NATIONAL TRANSPORT & SAFETY AUTHORITY	
SUMMARY BANK RECONCILIATION REPORT	
BANK & BRANCH : KCB-Capital Hill	
ACCOUNT NAME : KCB Word Bank HoAGDP	
ACCOUNT NO. : 1282371665	
PERIOD : June 2022	
PARTICULARS	Kshs
Bank statement Balance as at	301,210.90
Add :	
Receipts in Cash Book not in Bank Statement	-
Payments in bank statement not in cashbook	-
SUB-TOTAL	-
Less:	
Receipts in Bank Statement not in Cash Book	-
Unpresented Cheques	-
SUB-TOTAL	-
Adjusted Bank Balance	301,210.90
Balance as per Cash Book	301,210.82
Difference	0.08

Prepared By: CAROL KAMBA	Designature: <i>[Signature]</i>	Date: 11/07/2022
Signature: <i>[Signature]</i>	Designature: PFO	Date: 11/07/2022
Reviewed By: George Kuto	Designature: <i>[Signature]</i>	Date: 11/07/2022
Signature: <i>[Signature]</i>	Designature: PFO	Date: 11/07/2022
Approved By:	Designature:	Date:
Signature:	Designature:	Date:

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022*

- ii. Special Deposit Account(s) reconciliation statement(s)



Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT - NTSA
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30 JUNE 2022**

Credit No.: IDA LOAN CREDIT NO.67680-KE (DA-D)

Bank Account No.: 1000474847 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		5,420,602.38
	Less:		
2	Total amount documented		420,602.38
3	Outstanding amount to be documented		5,000,000.00
	Represented by:		
4	Ending Special account Balance as at 30 June 2022		4,023,591.43
5	Amounts claimed but not credited as at 30 June 2022		
6	Amounts withdrawn and not claimed		976,408.57
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2022		5,000,000.00

Discrepancy between total appearing on line 3 and 9

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

[Signature]
 AUTHORIZED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 01/08/2022



Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

14

SPECIAL ACCOUNT STATEMENT	
For period ending	30TH JUNE, 2022
Account No.	1000474847
Depository Bank	CENTRAL BANK OF KENYA
Address	CBK
Related Loan	HOPGDP-NTSA
Credit Agreement	
Currency	EUR

4,624,100.00	

Part A - Account Activity	
Beginning balance of 1st July, 2021	
as per C.B.K. Ledger Account	
Add:	
Total Amount deposited by World Bank	420,602.38
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	1,021,110.95
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2022	4,023,591.43

AUTHORISED REPRESENTATIVE	SIGNATURE:
CENTRAL BANK OF KENYA	DATE
AUTHORISED REPRESENTATIVE	SIGNATURE:
EXTERNAL RESOURCES	DATE
DEPARTMENT-TREASURY	

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2022 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

