

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 16 MAR 2023	DAY: Thursday.
TABLED BY:	Deputy Majority Leader
CLERK-AT THE TABLE:	Joyce Vemerelle

THE AUDITOR-GENERAL

ON

**NAIROBI OUTER RING ROAD
IMPROVEMENT PROJECT**

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

KENYA URBAN ROADS AUTHORITY



KENYA URBAN ROADS AUTHORITY



NAIROBI OUTER RING ROAD IMPROVEMENT PROJECT

PROJECT IDENTIFICATION NUMBER: P-KE-DB0-020

LOAN NUMBER. 2100150030144

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

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



AFRICAN DEVELOPMENT BANK GROUP

Enhancing Urban Mobility

(Leave this page blank)

*Nairobi Outer Ring Road Improvement Project
Reports 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	xvi
3. Environmental and Sustainability reporting.....	xviii
4. Statement of Project Management responsibilities	xxi
5. Report of the Independent Auditor on (the Project).....	xxiii
6. Statement of Receipts and Payments for the year ended 30th June 2022.	1
7. Statement of Financial Assets as at 30th June 2022.....	2
8. Statement of Cashflow for the year ended 30th June 2022.....	3
9. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2022....	4
10. Significant Accounting Policies.....	5
11. Notes to the Financial Statements.....	11
12. Other Important Disclosures	16
13. Prior Year Auditor-General's Recommendations	18
14. Annexes.....	19

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

The project's official name is Nairobi Outer Ring Road Improvement Project, Project Identification Number: P-KE-DB0-020)

Objective:

The key objective of the project are:

- a) To enhance economic efficiency through improved mobility and accessibility to business thereby supporting economic and social development of Nairobi City County.
- b) Improve the road transport infrastructure network by expanding traffic capacity of Nairobi Outer Ring Road to address congestion and enhancement of economic activities along the road corridor.

Address:

The Project address and registered headquarters office is in Nairobi, Nairobi County, Kenya.

Registered office:

Kenya Urban Roads Authority
P.O Box 41727-00100
Barabara Plaza, Mazao Road –off South Airport Road, JKIA
NAIROBI.

Contacts:

The following are the project contacts

Telephone: (254) (02) 8013844

E-mail: info@kura.go.ke

Website: www.kura.go.ke

1.2 Project Information

Project Start Date:	17 th September, 2014
Expected Project End Date:	30 th September, 2019
Revised project completion date:	25 th April 2020
Project Manager:	Eng. J. M. Onyinkwa
Project Sponsor:	African Development Bank

1.3 Project Overview

Line Ministry	The project is under the supervision of the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works
Project number	Works Contract No. KURA/AfDB/006/2013-2014 Consultancy Contract No. KURA/AfDB/007/2013-2014
Strategic goals	<p>The strategic goals of the project are reduction of road transport costs within the Nairobi Metropolitan Region. This is manifested through the following anticipated outcomes: -</p> <ul style="list-style-type: none"> (i) Shorter travel time at off peak hours; (ii) Security, safety and convenience of pedestrians and bicycle users due to construction of Non- Motorised Transport facilities (iii) Improved accessibility of logistics contributing to the growth of regional economy; (iv) Addressing the traffic congestion problem, both motorized and non-motorized traffic (v) Provide for improvement of social and environmental issues along the project roads

<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> a) Dualling of the initial two-lane road to four lanes b) Construction of service roads c) Construction of grade separated junctions to improve traffic operations and alleviate congestion within the city and its outskirts.
<p>Other important background information of the project</p>	<p>Total Project size</p> <p>Civil works contract including Fresh Produce Market - Kshs. 11.74 Billion</p> <p>Consultancy Service contract - USD: 6,209,955.05 and Kshs: 3,930,500.00</p> <p>Project Categories</p> <ul style="list-style-type: none"> 1. Civil Works for Nairobi Outer Ring Road improvement project 2. Consultancy Services <ul style="list-style-type: none"> a. Construction supervision b. Technical Assistance for Traffic management c. Baseline data collection, HIV/AIDS and safety awareness d. Urban roads maintenance strategy e. Technical Audit f. Consultancy for 2nd Runway Detailed Design JKIA and its Upgrade and Rehabilitation of Aircraft Pavements at JKIA 3. Capacity Building through Training for Youth Empowerment
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Traffic congestion (ii) social and environmental issues along the project roads

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Project duration	The project loan and grant components started on 17 th September, 2014 and were expected to run until September, 2017. The loan component was extended to end on 30 th September, 2019 while the Grant component was extended to end in December, 2023
------------------	--

1.4 Bankers

The following are the bankers for the current year:

(i) Special Accounts

Account No. : 01-01268945650
Bank : Standard Chartered Bank, London
IBAN No. : GB29 SCBL 6091 0412 6894 56
Account No. : 1000213515
Bank : Central Bank of Kenya, NAIROBI

(ii) Other accounts

National Bank of Kenya,
A/C No. 01001032626600,
Hill Branch.

Kenya Commercial Bank
A/C No. 1205083235
Moi Avenue Branch

1.5 Auditors

Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 49384-00100
Nairobi, GPO

1.6 Roles and Responsibilities

Name	Title/ Designation	Key qualification	Responsibilities
Eng. Silas M. Kinoti	Director General	BSc. (Civil Engineering) Member-IEK	Director General and Accounting officer
Eng. J.M. Onyinkwa	Deputy Director- Construction	BSc. Civil Eng., Reg. Eng. ERB/ EBK, MIEK	Project Manager
Mr. Erastus Chepkwony	Design Engineer	BSc. Civil Eng.	Resident Engineer
Eng. Jeniffer Korir	Design Engineer	BSc. Civil Eng., Reg. Eng. ERB/EBK, MIEK	Design Engineer
Saadia H Adan Khalif	Deputy Director- Supply Chain Management	MBA, B.B.A, MCPIs, MKISMS	Procurement Specialist
Mr. Seth Odera Omondi	Deputy Director, Environment al & Social Safeguards	MPhil. Environmental Studies (Planning and Management), B.A Sociology, NEMA Lead Expert.	Project Environmentalist
Eric Injenga	Deputy Director- Finance and Accounts	BBA (Finance & Accounts) CPA (K)	Project Accountant

1.7 Funding summary

The Project was originally for duration of 36 Months (3 years) from September, 2014 to September, 2017 however the same was revised to end on 30th September, 2019 for the loan component with an approved budget of UA 86.40 million equivalent to Kshs. 11.03 billion as highlighted in the table below.

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Project Categories	Cost	AfDB Financing		GOK	
	Amount UA (M)	Amount UA (M)	Percent (%)	Amount UA (M)	Percent (%)
1. Civil Works					
1.1 Nairobi Outer Ring Road	72.12	69.60	96.5	2.52	3.5
Sub-Total Civil Works	72.12	69.60	96.5	2.52	3.5
2. Consulting Services					
2.1 Construction supervision	3.75	3.75	100	-	-
2.2 Technical Assistance for Traffic	0.35	0.35	100	-	-
2.3 Baseline data collection, HIV/AIDS and safety awareness	0.40	0.40	100	-	-
2.4 Urban roads maintenance strategy	1.12	1.12	100		
2.5 Technical Audit	0.16	0.16	100	-	-
Sub-Total Consultancies	5.78	5.78	100		
3. Capacity Building					
3.1 Training for Youth Empowerment	0.21	0.21	100	-	-
Sub-Total Capacity Building	0.21	0.21	100		
4. Compensation and Resettlement					
4.1 Comp. & Resettlement	6.28	-	-	8.80	100
Sub-Total Compensation	6.28	-	-	8.80	
Total (UA)	86.40	77.60	89.8%	8.80	10.2%

*Nairobi Outer Ring Road Improvement Project
Reports 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)		Exchange Rate differences	Undrawn balance to date	
	UA	KShs (A)	UA (B)	KShs (B')		UA (A)-(B)	KShs (A)-(B)
(i) Grant							
African Development Bank	560,000	79,600,000	498,062	72,151,873	-	61,938	7,448,127
(ii) Loan			0	0			
African Development Bank	77,040,000	11,030,000,000	77,038,502	9,816,965,320	1,213,034,680	1,498	-
(iii) Counterpart funds			0	0			
Government of Kenya	52,962,348	7,528,024,495	52,962,348	7,528,024,495	-	-	-
Total	130,562,348	18,637,624,495	130,498,912	17,417,141,688	1,213,034,680	63,436	7,448,127

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

B. Application of Funds

Application of funds	Amount received to date -- (30th June 2022)		Cumulative Amount paid to date -- (30th June 2022)	Unutilised balance to date (30th June 2022)	
	UA	Kshs		UA	Kshs
	(A)			(A)-(B)	
(i) Grant					
African Development Bank	498,062	72,151,873	72,151,873		
(i) Loan					
African Development Bank	77,038,502	9,816,965,320	9,816,965,320		
(ii) Counterpart funds					
Government of Kenya	52,962,348	7,528,024,495	7,528,024,495		
Total	130,498,912	17,417,141,688	17,417,141,688	--	--

1.8 Summary of Overall Project Performance:

i) Budget performance

The Nairobi Outer Ring Road Improvement project was completed in the FY ending 30th June 2021. The only ongoing component during the financial year ending 30th June 2022 was artisan training for the Youth which is funded through the project Grant by African Development Bank (AfDB).

The project however has outstanding bills in the 12 months to 30th June, 2022 which consumed 100% of GoK counterpart budget.

The project had initial development partner budget allocation of Kshs. 30 Million which was later revised to Kshs. 7 million. The same was used to process the outstanding bill for the artisan training for the Youth amounting to Kshs. 6,766,430.00 however the same had not been settled by the year end.

ii) Physical progress

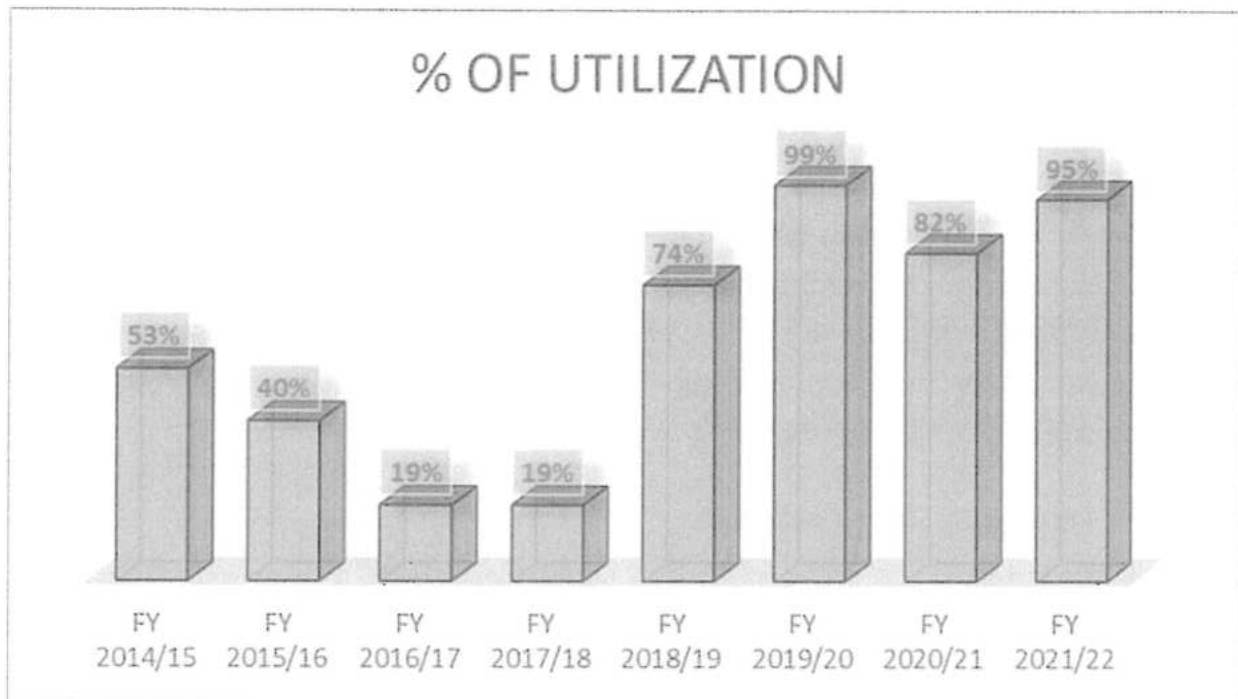
The Nairobi Outer Ring Road Improvement Project main components were completed in previous Financial Year ended 30th June 2021 and the overall progress was at 100%. The only outstanding component was the artisan training for the Youth where the training of the final batch was ongoing

iii) Comment on value-for-money achievements,

All the project components have been implemented as intended with the project road being complete and open to traffic. All the components are being carried out within the approved cost.

iv) Budget Absorption rate

The project budgetary absorption over the years it has been under implementation is as shown below:



v) *List the implementation challenges and recommended way forward.*

i. **Relocation of services and presence of underground utilities such as KPC pipeline**

The project was being carried in a highly populated area within Nairobi County which is the capital of Kenya. Therefore, presence of underground services was a necessity for the huge population bordering the project road. In some instances, the actual location of the services was not clear. The locations were identified through liaison with the concerned agencies such as Nairobi Water and Sewerage Company so as to identify the exact locations.

ii. **Land acquisition**

In some sections, the road was required to pass through some private properties and due to bureaucracy in the Ministry of Lands and other concerned institutions, there was longer delays in the implementation of the project. In some instances, the road was to be redesigned and rerouted to the available land.

iii. **Institutional cooperation**

The road required to pass through or over other services owned by different institutions such as Kenya Railways Corporation, Kenya Pipeline Company and Nairobi water and Sewerage Company. The KPC company came up with the requirement for the protection of their pipes before any construction could be allowed as these pipes carried hazardous materials which if broken could cause death. These pipes also required relocation which also had an impact on contractor's finance and program and any construction on this pipe required their supervision. The Kenya railways on the other hand had their requirements in relation to the rail tracks running parallel to the road. In places like Tajmall where the road passes over their tracks, the flyover support structures.

iv. Site space and legal battles.

The road was to be constructed in a highly populated region and therefore creating challenges of availability of space to carry out the works. In some instances, cases of land grabbing of the construction corridor existed. The contractor experienced several legal battles in courts due to the grabbed land. This caused a lot of delays in the project impacting on the finance and time on the side of the contractor. To enable works proceed on the project, the project team engaged other government agencies to remove the illegal structures.

v. Heavy traffic during work

Since the project started, it attracted heavy traffic from the city environs and therefore movement of construction materials was very challenging. It required continuous presence of traffic police to control this but eventually this could not solve the problem which further delayed the project as it was not in the original scope.

vi. Damages to completed work and vandalism

Since the project was being undertaken and at the same time being used by traffic, on several occasions there were damages to the road structures especially the guard rails and traffic signs due to accidents. In addition, the highly populated region thus high vandalism. By the time the project ended almost all the small metallic structures had been replaced at least twice.

All the project challenges have been resolved through enhanced co-ordination between the project Implementation Team and other government agencies and also through

continuous community engagements. Resolving of the challenges has enabled achievement of the intended project road and other components.

1.9 Summary of Project Compliance:

The Project has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority was issued for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of the donors, the latter have been applied.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

The key development objective of the project's 2014-2020 plan is to improve existing Outer Ring Road in the city of Nairobi into a dual carriage way in a bid to expand its traffic carrying capacity to address congestion and to provide social infrastructure such as market stalls for informal traders and wellness centres to address HIV/ AIDS and related illnesses.

The project will primarily serve to enhance economic efficiency through improved mobility and accessibility to businesses thereby supporting economic development and fostering inclusive growth. To achieve the overall objective the project has five components:

- a) Road construction Civil Works
- b) Consulting Services
- c) Technical Assistance
- d) Training of Youth
- e) Compensation and resettlement

Progress on attainment of strategic development objectives

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

Below we provide the progress on attaining the stated objectives:

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Objective	Outcome	Indicator	Performance
To enhance economic efficiency through improved mobility and accessibility to business thereby supporting economic and social development of Nairobi City County. Improve the road transport infrastructure network by expanding traffic capacity of Nairobi Outer Ring road to address congestion and enhancement of economic activities along the road corridor.	Free flow of traffic leading to Shorter travel time at peak hours;	Dualling of the roads including construction of service roads and Non- Motorised Transport facilities	In the 12 months to 30th June, 2022 the component of artisan training for youths was ongoing under Nairobi Outer Ring project.
	Security, safety and convenience of pedestrians and bicycle users due to construction of Non-Motorised Transport facilities Improved accessibility of logistics contributing to the growth of regional economy;	Construction of grade separated junctions to improve traffic operations and alleviate congestion within the city and its outskirts. Trained youth within the project life.	The implemented components include works, supervision services, Technical Audit Services, Traffic Management Technical Assistance, Baseline Data Collection, Road Safety Awareness & Auditing Services, Road Maintenance strategy and artisan training for the Youth.
	Provide for improvement of social and environmental issues along the project roads	Construction of market stalls	Rehabilitation of Kariobangi Market and construction of Nairobi Fresh produce market was complete

3. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

1. Sustainability strategy and profile

Kenya Urban Roads Authority aims at enhancing sustainable urban road transportation and mobility. Our Urban Roads Planning, Development and Maintenance strategy mainstreams the global 2030 Agenda for sustainable Development in our operations. The urban road network remains the key enabler for the realization of the objectives of Kenya Vision 2030 as well as the Big '4' Agenda. In the implementation of our Strategic Plan (2018-2022), we mainstream sustainability principles by complying with the local policies, legislations as well as international safeguard requirements. The Authority continues to foster Strategic partnerships with stakeholders for effective delivery of our services. To mitigate on the impact of any emerging disruption on the economy and our operations, we have been implementing a business continuity plan.

2. Environmental performance

Our operations pose different degrees of risks to the environment. KURA has a functional Environment, Safety and Health Policy that outlines commitment to efficient use of resources, reducing and preventing pollution, and product stewardship. We conduct Environmental and Social Impact Assessment for all new projects prior to construction so as to control environmental risks and hazards. All contractors are required to adhere with the Environmental Management Plans and waste control measures, among others. Periodic Environmental Monitoring and Audit Reports are prepared to demonstrate compliance with legal requirements. The Authority takes in consideration biodiversity conservation efforts during the project lifecycle through avoidance of destructive extractive activities. Materials sites are subjected to environmental impact assessment as well as site restoration plans. Tree planting and growing is done within the road reserves to provide carbon sinks as an approach for climate mitigation and adaptation. Collaborative efforts with the private sector, resident associations as well as with government agencies have enabled the planting and maintenance of tree seedlings. In order to address the social risks associated with the construction and maintenance of urban roads, the authority undertakes social impact assessment and resettlement action plans.

3. Employee welfare

The Authority has instituted measures to provide a conducive working environment for the well-being of staff and enhanced productivity. We have a comprehensive staff medical cover for both outpatient and inpatient services. This is in addition to group life policy WIBA contributory pension scheme and staff mortgage scheme. Annual staff

appraisals are promptly undertaken and forms the basis for promotions and competency development through appropriate training for career development and personal growth. During the period under review, a total of 79 employees were trained on various professional skills and competencies in addition Continuous Development Programs offered by various professional bodies. During the period of implementation of the project, the Authority ensured compliance by submitting all the returns to the relevant regulatory institutions within the prescribed timelines. The Authority has put in place measures for compliance with the provisions of the Occupational Safety and Health Act, 2007. We undertake occupational health and safety assessment and risk assessment for improvement of the work environment for employees and customers.

4. Market place practices-

a) Responsible Supply chain and supplier relations-

The Authority has aligned the Supply Chain processes to the Public Procurement and Disposal Act and the Public Procurement & Disposal Regulations, 2020. We continue to build the Capacity of our Suppliers through awareness creation on best practices, Fair procurement practices and on time payment. The Authority's Service Charter Guides Service Delivery standards detailing payment requirements and set timeframes for turnaround time for supplier payments. KURA has utilized innovation and technology in handling supplier payment to ensure application of the first in first out principle this is enabled by the Enterprise Resource Management System currently in use by the Authority. Effectiveness of all these measures is also monitored from time to time through internal audits and external checks to ensure continuous improvement.

b) Responsible ethical practices

The Authority has established responsible ethical practises by having an anti-corruption policy in place and ensuring all Staff commit to the Authority's code of conduct and declare conflict of interest. Also the Authority ensures that staff working in the projects receive competitive wage bearing in mind the minimum allowed wage in the country, ensuring employees general well-being is well catered for, guaranteeing that all materials are sourced within the available guidelines and are sourced in competitive environment to provide equal opportunities to different suppliers and in compliance with the Laws of the Republic of Kenya and ensuring that all employees receive comprehensive benefits as well as treated with respect.

c) Regulatory impact assessment

The Project has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority was issued for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of the donors, the latter have been applied.

The Authority ensured compliance by submitting all the returns to the relevant regulatory institutions within the prescribed timelines. The Authority has put in place measures for compliance with the provisions of the Occupational Safety and Health Act, 2007. We undertake occupational health and safety assessment and risk assessment for improvement of the work environment for employees and customers.

5. Community Engagements

The Authority has established a functional Stakeholder Engagement policy that is continuously applied in engaging interested and affected persons in urban road planning and implementation. The feedback obtained from these activities is used to inform decision making for continual improvement. The urban road infrastructure is designed bearing all users in mind and ensuring that it caters for all persons including those with disability as well as non-motorized road users, through construction of ramps and walkways. The Authority also engages communities by providing job opportunities to people working around the national urban road project areas.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Director General, Kenya Urban Roads Authority and the *Project Manager for Nairobi Outer Ring Road Improvement Project* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 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, Kenya Urban Roads Authority and the *Project Manager for Nairobi Outer Ring Road Improvement 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, Kenya Urban Roads Authority and the *Project Manager for Nairobi Outer Ring Road Improvement 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, Kenya Urban Roads Authority and the *Project Manager for Nairobi Outer Ring Road Improvement 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, Kenya Urban Roads Authority and the *Project Manager for Nairobi Outer Ring Road Improvement Project* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by The Director General, Kenya Urban Roads Authority and the Project Manager for Nairobi Outer Ring Road Improvement Project on _____ 2022 and signed by them.



Eng. Silas M. Kinoti, MBS
Director General



Eng Justus M. Onyinkwa
Project Manager



Eric Rubia
Project Accountant
ICPAK Member No: 12829

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI OUTER RING ROAD IMPROVEMENT PROJECT FOR THE YEAR ENDED 30 JUNE, 2022 - KENYA URBAN ROADS 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 Nairobi Outer Ring Road Improvement Project set out on pages 1 to 18, 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 Nairobi Outer Ring Road Improvement Project as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement Loan No.2100150030144 and Grant No.2100155026117 dated 27 January, 2014 between the African Development Bank(ADF) and the Government of the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

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, except for the matter described in the Basis for conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else 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

Failure to Settle Pending Accounts Payable

Annex 3a to the financial statements reflects Kshs.885,199,462 in respect of pending accounts payables. This was an increase of Kshs.469,659,124 from the balance of Kshs.415,540,338 reported in the previous year. Out of this amount Kshs.878,433,031 relates pending bills to a Construction Company for the Construction of Outer Ring Road (C59) Improvement Project, which had not been settled as at 13 October, 2022 when the audit was carried out.

Clauses 14.7.1(b), 14.8.2 and 14.8.3 of the Project contract between the Construction Company and Kenya Urban Roads Authority provides specific conditions regarding delayed payment to the contractor. Clause 14.8.1 states that the Contractor shall be entitled to receive financial charges compounded monthly on the amount unpaid during the period of delay. Clause 14.8.2 states that the charge as result of delayed payment shall be calculated at the annual rate of three percentage points above the discount of the central bank in the country of the currency of payment, or if not available, the interbank offered rate, and shall be paid in such currency. Clause 14.8.3 states that the Contractor shall be entitled to this payment without formal notice or certification, and without prejudice to any other right or remedy.

In the circumstances, the project was at risk of incurring additional cost in form of interest and penalties for failure to settle the pending bills.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

As required by the Financing Agreement Loan No.2100150030144 and Grant No.2100155026117, I report based on my audit, that:

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or 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 that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal 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 Projects' policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 that may cast significant doubt on the Projects' ability to continue to sustain services. If I conclude that a material uncertainty exists, I

am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 November, 2022

*Nairobi Outer Ring Road Improvement Project
Reports 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		2020/2021		Cumulative to-date (From inception) KShs
	Receipts and payments controlled by the entity KShs	Payments made by third parties KShs	Receipts and payment controlled by the entity KShs	Payments made by third parties KShs	
	Total	Total	Total	Total	
RECEIPTS					
1	80,000,000	-	272,449,581	-	7,528,024,494
2	-	-	-	-	72,151,873
Loan from external development partners	-	-	420,601,935	420,601,935	9,816,965,321
TOTAL RECEIPTS	80,000,000	-	272,449,581	420,601,935	17,417,141,688
PAYMENTS					
3	3,006,240	-	6,105	-	32,156,037
4	80,000,000	-	272,449,581	420,601,935	17,384,985,651
TOTAL PAYMENTS	83,006,240	-	272,455,686	420,601,935	17,417,141,688
SURPLUS/ (DEFICIT)	(3,006,240)	-	(6,105)	-	-

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

.....
Eng. Silas M. Kinoti, MBS
Director General

Justus M. Onyinkwa
Eng Justus M. Onyinkwa
Project Manager

Eric Rubia
Eric Rubia
Project Accountant
ICPAK Member No: 12829

7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022

		2021-2022 KShs	2020-2021 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	5	-	3,006,240
TOTAL FINANCIAL ASSETS		-	3,006,240
REPRESENTED BY			
Fund balance b/fwd	6	3,006,240	3,012,345
Surplus/(Deficit) for the year		(3,006,240)	(6,105)
NET FINANCIAL POSITION		-	3,006,240

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



Eng. Silas M. Kinoti, MBS
Director General



Eng Justus M. Onyinkwa
Project Manager



Eric Rubia
Project Accountant
ICPAK Member No: 12829

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

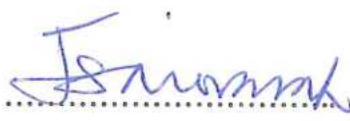
8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2021-2022 KShs	2020-2021 KShs
Cash flow from operating activities			
Receipts from operating activities			
Transfer from Government entities	1	80,000,000	272,449,581
Payments from operating activities			
Purchase of goods and services	3	(3,006,240)	(6,105)
Net cash flow from operating activities		76,993,760	272,443,476
Cash flows from Investing Activities			
Acquisition of Non Financial Assets	4	(80,000,000)	(693,051,516)
Net cash flows from Investing Activities		(80,000,000)	(693,051,516)
Cash flow from financing activities			
Proceeds from Foreign Borrowings	2	-	420,601,935
Net cash flow from financing activities		-	420,601,935
Net Increase in cash and cash equivalents		(3,006,240)	(6,105)
Cash and cash equivalent at beginning of the year		3,006,240	3,012,345
Cash and cash equivalent at end of the year		-	3,006,240

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 _____ 2022 and signed by:



Eng. Silas M. Kinoti, MBS
Director General



Eng Justus M. Onyinkwa
Project Manager



Eric Rubia
Project Accountant
ICPAK Member No: 12829

NAIROBI WATER KING ROAD IMPROVEMENT PROJECT
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30 2022

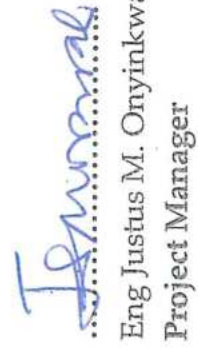
9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

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	80,000,000	-	80,000,000	80,000,000	-	100%
Proceeds from domestic and foreign grants	30,000,000	(23,000,000)	7,000,000	3,006,240	3,993,760	43%
Total Receipts	110,000,000	(23,000,000)	87,000,000	83,006,240	3,993,760	95%
Payments						
Purchase of goods and services	30,000,000	(23,000,000)	7,000,000	3,006,240	3,993,760	43%
Acquisition of non-financial assets	80,000,000	-	80,000,000	80,000,000	-	100%
Total Payments	110,000,000	(23,000,000)	87,000,000	83,006,240	3,993,760	95%

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



 Eng. Silas M. Kinoti, MBS
 Director General



 Eng Justus M. Onyinkwa
 Project Manager



 Eric Rubia
 Project Accountant
 ICPAK Member No: 12829

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 Nairobi Outer Ring Road Improvement Project, under Kenya Urban Roads Authority 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

Nairobi Outer Ring Road Improvement 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.

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

Kenya Urban Roads 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 Kenya Urban Roads 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.

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*.

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 A/E 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,

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.

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 are 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.

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

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, there was no loan disbursements received in 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.

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).

11. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from Government entities

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

	2021/22	2020/21	Cumulative to-date (from inception)
	KShs	KShs	
Counterpart funds Quarter 1	40,000,000	186,660,437	2,182,803,507
Counterpart funds Quarter 2	40,000,000	210,000,000	1,921,598,605
Counterpart funds Quarter 3	-	210,000,000	1,968,474,257
Counterpart funds Quarter 4	-	257,319,625	1,455,148,125
Total	80,000,000	863,980,062	7,528,024,494

2. Loan from External Development Partners

During the financial period to 30 June 2022, the project did not receive funding from development partners in form of loans negotiated by the National Treasury. The final loan funding towards the project was in the previous financial year as shown below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2021/22	2020/21
African Development Bank			-	-	-	420,601,935
Total			-	-	-	420,601,935

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

3. Purchase of Goods and Services

	2021/2022		2020/2021		Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Training payments	3,005,220	-	3,005,220		32,139,370
Bank Charges	1,020	-	1,020	6,105	16,667
Total	3,006,240	-	3,006,240	6,105	32,156,037

4. Acquisition of Non-Financial Assets

	2021/22		2020/21		Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Supervision of Road Works	-	-	-	82,698,870	823,539,498
Consultancy Services -Technical Audit, Baseline Data & Road Safety, Traffic Management Study, JKIA Runway Design	-	-	-	144,302,190	373,515,397
Construction of roads	55,222,532	-	55,222,532	1,507,158,662	11,681,793,974
Acquisition of land/ Relocation of Services	24,777,468	-	24,777,468	7,000,000	4,506,136,784
Total	80,000,000	-	80,000,000	1,741,159,722	17,384,985,653

Notes to the Financial Statements (Continued)

5. Cash And Cash equivalents

	2021/22	2020/21
	KShs	KShs
Bank accounts	-	3,006,240
Total	-	3,006,240

Nairobi Outer Ring Road Improvement Project has two (2) number of project account spread within the project implementation area and one (1) number of foreign currency designated accounts 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>		
Standard Chartered Bank, Outer Ring Road Project Account [A/c No. 01-01268945650]	-	-
Total Foreign Currency balances	≡	≡
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No. 1000213515]	-	-
Kenya Commercial Bank [A/c No. 1205083235]	-	3,006,240
Total local currency balances	≡	<u>3,006,240</u>
Total bank account balances	≡	<u>3,006,240</u>

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.

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

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

	2021/22 KShs	2020/21 KShs
(i) Central Bank of Kenya [A/c No. 1000213515]		
Opening balance		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance <i>(as per SDA bank account reconciliation attached)</i>		
(ii) Standard Chartered Bank, Outer Ring Road Project Account [A/c No. 01-01268945650]		
Opening balance		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance <i>(as per SDA bank account reconciliation attached)</i>		
Kenya Commercial Bank [A/c No. 1205083235]		
Opening balance (as per the SDA reconciliation)	3,006,240	3,012,345
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)	(3,006,240)	(6,105)
Closing balance (as per SDA bank account reconciliation attached)	-	3,006,240

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

6. Deposits and Retention Monies

Description	2021-2022	2020-2021
	Kshs	Kshs
Retention	84,106,227	84,106,227
Deposits	-	-
Total	84,106,227	84,106,227

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

7. Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts	-	3,006,240
Total	-	3,006,240

8. Changes in Accounts Payable

Description	2021-2022 Kshs	2020-2021 Kshs
Deposit and Retentions as at 1 st July	84,106,227	84,106,227
Closing accounts payables as at 30 th June	84,106,227	84,106,227
Change in payables	-	-

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

12. Other Important Disclosures

1. Pending Accounts Payable (See Annex 3a)

Description	2021-2022	2020-2021
	Kshs	Kshs
Construction of Civil Works	878,433,031	405,768,688
Consultancy Services	6,451,488	3,386,370
Youth Training	6,766,430	9,771,650
Acquisition of land		24,777,468
Total	891,650,950	443,704,176

2. External Assistance

Description	FY 2021/2022	FY 2020/2021
	Kshs	Kshs
External assistance received as loans	-	420,601,935
Total	-	420,601,935

a). External assistance relating loans and grants

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as loans	-	420,601,935
Total	-	420,601,935

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2021/2022	FY 2020/2021
		Kshs	Kshs
Undrawn external assistance - loans	Works and Consultancy Services	187,342	187,342
Undrawn external assistance - grants	Counsultancy Services and Youth Training	7,448,127	7,448,127
Total		7,635,469	7,635,469

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

c) Classes of providers of external assistance

Description	FY 2021/2022 Kshs	FY 2020/2021 Kshs
Multilateral donors	-	420,601,935
Total	-	420,601,935

d. Non-monetary external assistance

There was no non-monetary external assistance towards the project

e Purpose and use of external assistance

Payments Made by Third Parties:	FY 2021/2022 Kshs	FY 2020/2021 Kshs
Other Payments - Acquisition of Non-Financi	-	420,601,935
TOTAL	-	420,601,935

f. External Assistance paid by third parties on behalf of (the Entity) by Source

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


Description	FY 2021/2022 Kshs	FY 2020/2021 Kshs
Multilateral donors	-	420,601,935
Total	-	420,601,935

*Nairobi Outer Ring Road Improvement Project
Reports 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	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<i>Interest on Late Payments</i>	<i>Interest on late payment arises from inadequate budgetary allocations. The late payment interest is in accordance with the contract provisions.</i>	O/S	By 30 th June 2023
2	<i>Pending Bills</i>	<i>The pending bills arose from the works undertaken by the contractor, the settlement of which solely depends on the exchequer release by the National Treasury.</i>	Not Resolved	By 30 th June 2023


.....
Eng. S. Kinoti, MBS
Director General


.....
Eng. Justus M. Onyinkwa
Project Manager

*Nairobi Outer Ring Road Improvement Project
Reports 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	80,000,000	80,000,000	-	100%	
Proceeds from domestic and foreign grants	7,000,000	3,006,240	3,993,760	43%	(i)
Total Receipts	87,000,000	83,006,240	3,993,760	95%	(i)
Payments					
Purchase of goods and services	7,000,000	3,006,240	3,993,760	43%	(i)
Acquisition of non-financial assets	80,000,000	80,000,000	-	100%	
Total payments	87,000,000	83,006,240	3,993,760	95%	(i)

(i) A request for direct payment by the Bank amounting to Kshs. 6,766,430.40 was not settled at the time of closure of the Financial Year

*Nairobi Outer Ring Road Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Annex 2: Reconciliation of inter-entity transfers

Nairobi Outer Ring Road Improvement Project				
Break down of Transfers from the State Department of Infrastructure				
a. Government Counterpart Funding	Bank Statement Date	Amount (KShs)	Financial Year	
Nairobi Outer Ring Works- IPC 44 part 2 -USD Component Balance	30-Aug-21	8,645,964	FY 2021/2022	
Nairobi Outer Ring Works- IPC 45 part 3 -USD Component Part	30-Aug-21	31,354,036	FY 2021/2022	
Being compensation of Outer Ring Acquisition Block 97/39	23-Nov-21	24,777,468	FY 2021/2022	
Nairobi Outer Ring Rd Improvement project Works -IPC 45 pt 4	23-Nov-21	15,222,532	FY 2021/2022	
	Total	80,000,000		
b. Direct Payments				
	Total	-		
	TOTAL(a+b+c)	80,000,000		

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Manager
KURA



Sign

Head of Accounting Unit
MOTIHUD&PW

Sign

*Nairobi Outer Ring Road Improvement Project
Reports 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 2021/22	Outstanding Balance 2020/21	Comments
	a	b	c	d=a-c		
Construction of civil works						
Nairobi Outer Ring Road -Civil Works - Stecol Corporation	933,655,563		55,222,532	878,433,031	405,768,688	
Sub-Total	933,655,563	-	55,222,532	878,433,031	405,768,688	
Supply of goods						
Youth Training - Kenya Railways	9,771,650		3,005,220	6,766,430	9,771,650	
Sub-Total	9,771,650	-	3,005,220	6,766,430	9,771,650	
Supply of services						
Consultancy Services	6,451,488			6,451,488	3,386,370	
Relocation of Services						
Sub-Total	6,451,488	-	-	6,451,488	3,386,370	
Acquisition of land						
National Land Commission	24,777,468		24,777,468	-	24,777,468	
Sub-Total	24,777,468	-	24,777,468	-	24,777,468	
Grand Total	974,656,170	-	83,005,220	891,650,950	443,704,176	

The project Loan facility was exhausted in previous financial year ended 30 June, 2021 therefore all outstanding and further payments due are to be financed through the development vote. The available resources allocated towards the project in the development vote were not adequate to clear all the outstanding bills.

APPENDIX I - SPECIAL DEPOSIT ACCOUNT RECONCILIATION STATEMENT

NAIROBI OUTER RING ROAD IMPROVEMENT PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30TH JUNE 2022
PART B: ACCOUNT RECONCILIATION STATEMENT

PROJECT No. 2100155026117

Bank Account No.1000213582 Held with Central Bank of Kenya

	NOTES	AMOUNT	AMOUNT
		USD	USD
1	Amount advanced by ADB		316,051.45
	Less		
2	Total amount justified to ADB		286,458.98
3	Outstanding amount advanced to Designated Account		29,592.47
	Represented by:		
4	Ending Designated Account Balance at 30.06.2022		-
5	Amount claimed but not credited at 30.06.2022		-
6	Amount withdrawn and not claimed as at 30.06.2022		29,592.47
7	Service charges (if not included in 5 & 6 above)		-
	Less		
8	Interest earning (if included in Designated Account)		-
9	Total advance to Designated Account year ended 30.06.2022		29,592.47

Discrepancy between total appearing on lines 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 ADB and provide reasons for not claiming the expenditures

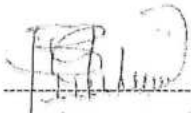

The amount appearing on line 6 is eligible for financing by ADB and shall be documented in subsequent IFRs/SOEs



AUTHORIZED REPRESENTATIVE

RESOURCES MOBILIZATION DEPARTMENT - TREASURY DATE: 01-08-2022

SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2022
Account No.	1000213515
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	NBI OUTER RING RD GR 21001550261 17
Credit Agreement	
Currency	USD
Part A - Account Activity	
Beginning balance of 1st July, 2021 as per C.B.K. Ledger Account	0.00
Add:	
Total Amount deposited by World Bank	0.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	0.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June,2022	0.00
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: 
	DATE 1.07.2022
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: 
	DATE 01.08.2022

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.

Results 1 - 1 of 1

Run Date:	Run Times:	STATEMENT OF ACCOUNT	PAGE NO: 1				
CENTRAL BANK OF KENYA		ACCOUNT NUMBER:					
BANKI KUU YA KENYA		ACCOUNT TITLE: NBI OUTER RING RD GR 2100155026117					
P.O.BOX 00090-0200							
NAIROBI							
STATEMENT PERIOD: From	01/07/2021	To	30/06/2022				
=====							
NO.	DATE	REFERENCE NO	DETAILS				
=====							
	OPENING BAL:		9.00				
NO.	Value	Date	Reference.No	Details	Debit	Credit	Balance
1					0.00	0.00	0
							CLOSING BALANCE: 0
END OF ACCOUNT STATEMENT							

Favourites

TAM.E.STMT.OF.ACCT.EPRM

More Options
Clear Selection Find

Account equals 1000213515

Statement From equals 20210701

Statement To equals 20220630

TAM.E.STMT.OF.ACCT.EPRM

African Development Fund
 Summary of Revolving Funds By Loan (In Paid Currency)
 Public sector As at 30.06.2022
 Loan Number : 2100155025117
 Project ID : P-RE-D80-020
 Project Title : NAIROBI OUTER RING ROAD IMPROVEMENT PROJ
 Borrower : GOVERNMENT OF KENYA

Printing Date : 30.06.2022
 Page : 1
 System : RRD / 400
 Loan Contract Currency : UAC
 Closing Date : 31.12.2023
 Commitment Capital : 560,000.00
 Available Balance : 0.00

LDV Number	Reference	Curr	Amount Approved Approval Currency	Amount Justified Approval Currency	Balance to Justify Approval Currency	Amount Disbursed UAC	Amount Justified UAC	Balance to Justify UAC	Justified UAC	Disburs. Value Date	Last Just. Date
(A)	(B)		(X)	(Y)	(Z) = (X) - (Y)	(C)	(D)	(E) = (C) - (D)	F = D / C	(G)	(H)
2100155025117											
1 All activities	RE N000001	USD	161,414.45	161,414.45	0.00	117,660.57	117,660.57	0.00	100.00	28.01.2016	16.03.2020
1/RE/2016/12593	RF N00002A	USD	154,637.00	125,044.53	29,592.47	105,391.07	86,193.02	20,398.05	80.86	10.04.2018	03.02.2021
1/RE/2018/41625											
Total 2100155025117 All activities						224,251.64	203,853.59	20,398.05	90.90		
2100155025117			316,051.45	286,453.98	29,597.47	224,251.64	203,853.59	20,398.05	90.90		



Kenya Urban Roads Authority

Barabara Plaza Mazao Road, Off Airport South Road

P.O. BOX 41727 00100 Nairobi, Kenya

0772 105 233 / 020 891 3844 / 020 272 2222

info@kura.go.ke www.kura.go.ke

Ref. KURA/CS/F&A/4/ Vol.7(67)

Date: 2nd September, 2022

The Principal Secretary
State Department of Infrastructure
Ministry of Transport, Infrastructure,
Housing, Urban Development & Public Works
P.O. Box 30260-00100
NAIROBI

Dear Sir,

Attention Sophie W. Mwangashi

**REF: EXCHEQUER AND ROAD MAINTENANCE LEVY FUNDS TRANSFERRED FROM
THE MINISTRY TO KENYA URBAN ROADS AUTHORITY.**

Reference is made to your letter Ref: MOTI/I/ACD/KURA/87/VOL.1/065 dated 26th
August 2022 on the above subject matter.

Attached please find the confirmation by the Authority on disbursement of funds made
by the State Department of Infrastructure with regards to Exchequer Developments
funds and Recurrent RMLF funds received in the FY 2021/2022.

Thank you for your continued support.

Raphael Mayienda
FOR: DIRECTOR GENERAL



Confirmation of amounts disbursed to Kenya Urban Roads Authority as at 30 June 2022
Amounts Disbursed to Kenya Urban Roads Authority as at 30 June 2022

Reference Number	Date Disbursed	Recurrent (KShs) (A)	Development (KShs) (B)	Total (KShs) (C)=(A+B)	Amount Received by KURA as at 30 June 2022 (KShs) (D)	Differences (KShs) (E)=(C-D)
EXCHEQUER DEVELOPMENT FUNDS						
FT21242C5LSH	30-Aug-21		2,516,709,536.00	2,516,709,536.00	2,516,709,536.00	-
FT21253B5X11	10-Sep-21		1,300,000,000.00	1,300,000,000.00	1,300,000,000.00	-
FT21327G525D	23-Nov-21		1,704,725,960.00	1,704,725,960.00	1,704,725,960.00	-
FT21364KL.B2W	30-Dec-21		2,000,000,000.00	2,000,000,000.00	2,000,000,000.00	-
FT22017SDC4X	17-Jan-22		1,400,000,000.00	1,400,000,000.00	1,400,000,000.00	-
FT22104KJ.MZH	14-Apr-22		3,000,000,000.00	3,000,000,000.00	3,000,000,000.00	-
FT22116HNRZ5	26-Apr-22		230,000,000.00	230,000,000.00	230,000,000.00	-
FT221305H166	10-May-22		1,419,550,000.00	1,419,550,000.00	1,419,550,000.00	-
FT221895V3G9	8-Jul-22		250,000,000.00	250,000,000.00	250,000,000.00	-
FT22187SPVBV	6-Jul-22		186,716,424.00	186,716,424.00	186,716,424.00	-
Sub-Total			14,007,701,920.00	14,007,701,920.00	14,007,701,920.00	
FUNDS FROM KRB - RMLF FUNDS						
FT2126627LD3	23-Sep-21			1,662,992,618.00	1,662,992,618.00	-
FT22040RS3CW	9-Feb-22			3,263,043,656.00	3,263,043,656.00	-
FT221303KHYL	10-May-22			1,662,992,618.00	1,662,992,618.00	-
FT22186LiGHS	5-Jul-22			1,025,834,012.00	1,025,834,012.00	-
FT22189W2KLM	8-Jul-22			1,133,678,923.00	1,133,678,923.00	-
FT22196QWRMD	15-Jul-22			2,918,111,159.00	2,918,111,159.00	-
GRAND TOTAL			14,007,701,920.00	14,007,701,920.00	14,007,701,920.00	
TOTAL			14,007,701,920.00	25,674,354,906.00	25,674,354,906.00	

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

Director Corporate Services

Name: Reuben Mayienda
 Date: 02/09/2022

Signature _____