



Kenya Rural Roads Authority
Annual Report
For Financial Year 2022-2023

Prepared and issued in accordance with Section 44
of the Kenya Roads Act, 2007



Completed Section of Nyamira-Igonga-Nyabioto Nyamatutu-Igonga-Riana Riana-Iyabe-Chisaro Motonto-Suneka Roads (82Km) in Kisii County.



Kabarack Farm Access Road in Nakuru County



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Table of Contents

Acronyms	v
Chairman’s Statement	1
Director General’s Statement	4
Board of Directors	7
Management Team	14
Key Performance Indicators during the Year	15
KeRRA at a Glance	15
Principal Statements	16
Chapter 1: The Mandate of the Authority	17
1.1 Functions of the Authority	17
1.2 Corporate Governance.....	17
1.3 Policies of the Authority	18
1.4 Organizational Structure.....	19
1.5 Staff Establishment	20
1.6 Directorate/Departmental Functions	21
Chapter 2: Progress of the Authority for Financial Year 2022/2023	23
2.1 Progress for various Performance Indicators	23
2.2 Performance Outputs for Key Programmes/Projects/Activities	27
Chapter 3: Assessment of the Degree to which Performance Targets have been achieved	48
3.1 Performance Contract Achievements Financial Year 2022/2023	48
3.2 Contribution of the Authority to the attainment of Kenya Vision 2030, Third Medium Term Plan (MTP III) 2018-2022, Sustainable Development Goals and Bottom-Up Economic Transformation Agenda	50
Chapter 4: Assessment of Adequacy of Roads Funding	55
4.1 Funding Sources	55
4.2 Condition of the Road Network in the Country.....	55
4.3 Degree of Change.....	55

4.4	Projected Optimal Level of the Road Network	55
4.5	Extent of Financing Required to meet optimal level.....	56
Chapter 5: A Review of Technical Adequacy and Proved Cost Efficiency of Road Management Operations.....		57
Chapter 6: Coordination between Authorities and Regional Entities.....		58
Chapter 7: Degree of realisation of the objectives of the Kenya Roads Act 2007 and levels of compliance.....		62
7.1	Degree of realisation of the objectives of the Kenya Roads Act 2007.....	62
7.2	Level of Compliance with the Provisions of the Roads Act 2007.....	62
Chapter 8: Approved Annual Financial Statements		64
8.1	Annual Financial Statements.....	64
8.2	Report by the Auditor General	64
Chapter 9: Conclusion.....		65
Annex 1: List of Annual Report Preparation and Publication Committee		66
Annex 2: Signed Financial Statements.....		67
	Corporate Governance Statement	67
	Management Discussion And Analysis.....	70
	Corporate Social Responsibility Statement/ Sustainability	72
	Statement Of Directors Responsibilities	81
	Report Of The Independent Auditors On Kenya Rural Roads Authority	82
	Statement Of Financial Performance For The Year Ended 30 June 2023	83
	Statement Of Changes In Net Assets For The Year Ended 30 June 2023	85
	Statement Of Cash Flows For The Year Ended 30 June 2023	86
	Statement Of Comparison Of Budget And Actual Amount	87
	Statement Of Comparison Of Budget And Actual Amount	88
	Notes To The Financial Statements	89
	Appendix 1: Progress On Follow Up Of Auditors Recommendations.....	117
	Appendix II: Development Partners Projects Implemented By The Authority	131
	Appendix III: Inter Entity Transfer.....	132

List Of Tables

Table 1: Table on Staff Strength	20
Table 2: Strategic Objectives, Performance targets and Planned Activities/Outcomes and Outputs	23
Table 3: LVSR National Summary	27
Table 4: Roads Maintenance Levy Funded Projects	31
Table 5: Achievements of the Authority against Planned Exchequer Funds for Road Maintenance.....	31
Table 6: Distribution of Access to Government Procurement Opportunities to Special Categories.....	41
Table 7: CSR Activities for the FY 2022/2023	43
Table 8: Evaluation methodology	48
Table 9: Assessment of Performance Contract Evaluation Composite Score	48
Table 10: Role of KeRRA in realisation of SDGs	53
Table 11: Funding sources.....	55
Table 12: A summary of the coordination is as shown in the Table below:.....	58
Table 13: Level of Compliance with the provisions of the Roads Act 2007.....	62

Acronyms

AFD	Agence française de développement/ French Development Agency	KRB	Kenya Roads Board
AGPO	Access to Government Procurement Opportunities	KURA	Kenya Urban Roads Authority
AIDS	Acquired Immunodeficiency Syndrome	LVSR	Low Volume Seal Roads
ARWP	Annual Road Works Programme	MDA	Ministries, Departments and Agencies
ASAL	Arid and Semi-Arid Lands	MandE	Monitoring and Evaluation
BADEA	Arab Bank for Economic Development in Africa	SDOR	State Department for Roads
CAJ	Commission on Administrative Justice	MTP	Medium Term Plan
CCPJ	Convention on Crime Prevention and Criminal Justice	NACADA	National Authority for the Campaign Against Alcohol and Drug Abuse
CSR	Corporate Social Responsibility	NACC	National Aids Control Council
EACC	Ethics and Anti-Corruption Commission	NEMA	National Environment Management Authority
EBK	Engineers Board of Kenya	NG-CDF	National Government Constituency Development Fund
EIA	Environmental Impact Assessment	PPP	Public Private Partnership
ERP	Enterprise Resource Planning	PWD	Persons with Disabilities
ESIA	Environmental and Social Impact Assessment	RandD	Research and Development
GoK	Government of Kenya	RDCC	Regional Development Coordination Committee
IAEA	International Atomic Energy Agency	RMLF	Road Maintenance Levy Fund
ICT	Information and Communication Technology	RMS	Road Management System
ISO	International Organization for Standardization	SDG	Sustainable Development Goals
ISMS	Information Security Management System	UNIDO	United Nations Industrial Development Organization
KeRRA	Kenya Rural Roads Authority	UNODC	United Nations Organization on Drugs and Crimes
KfW	German Development Bank	UNTOC	United Nations Convention Against Transnational Organized Crime
KFS	Kenya Forest Service	WED	World Environment Day
		WWD	World Wetlands Day



His Excellency the President William Ruto launching the tarmacking of the 65 Km Ongata Rongai-Gataka-Embulbul, Karen Cooperative-Matasia-Nkoro, Ongata Rongai Nazarene University-Rimpa and JN (C58)-Lewisa Academy-Kahara Market Roads at Rongai Town in Kajiado County on April 20th 2023.



Cabinet Secretary (Ministry of Roads and Transport), Hon. Kipchumba Murkomen, E.G.H at Barabara Plaza during the introduction meeting of all Roads Agencies on November 7th 2022



The Governor of Nakuru County H.E Susan Kihika together with Nakuru Members of Parliament paying a courtesy call to the KeRRA Stand at the Nakuru ASK show

Chairman's Statement



Prof. (Eng.) Oyuko Mbeche, EBS
Chairman, Board of Directors

Kenya is a country at the cusp of breaking into the league of developed nations which is endowed with rich natural resources and a great tapestry of cultures. To achieve this leap and harness the potential wealth of the nation, the Government of Kenya has invested in infrastructural development at historically unprecedented levels in the recent past. The Kenya Rural Roads Authority (KeRRA) is at the heart of ensuring this achievement with a current portfolio estimated at Ksh400 Billion in contracted works. This figure comprises approximately Ksh122 Billion as the value of completed works and Ksh278 Billion in ongoing projects. The output of this investment shall be 8,700Km of roads improved to Bitumen Standards countrywide with an estimated 5,100Km achieved to date.

The Board of Directors has been entrusted with an oversight role to ensure the attainment of this historic leap in the development of the country's road infrastructure. In this regard, the Board wishes to acknowledge the honour and privilege it is to be assigned this responsibility. We therefore are committed to ensuring the highest degree of excellence and efficiency in steering the Authority to achieve its mandate.

We are pleased to report that the Board is fully constituted is able to fully execute its mandate at an optimal level. Members of the Board who joined in the year have been fully inducted and assigned their individual responsibilities. The Board is thus fully committed to maintaining a culture of excellence in its Governance role in overseeing the Authority's operations.

In line with the Government's directive for the digitalization of all its services, the Authority continues to digitalize its services and embrace innovative means of improving operational efficiency. In the reporting period, the Authority's Enterprise Resource Planning (ERP) solution underwent a rollout of critical components which involve stakeholders such as the project management module and the procurement module. The Authority envisages the full rollout of the ERP solution in the coming Financial Year to facilitate better service delivery and allow for full compliance with the afore-mentioned directive.

The Authority's 5-year Strategic Plan completed its full cycle this Fiscal Year. In the period, the Authority achieved significant milestones in all 5 key Strategic Objectives namely: Increase the road network in bitumen condition which expanded by an additional 5,700Km, improve maintenance and rehabilitation of the National Secondary Trunk Road Network which is maintained fully annually at an average of 21,000Km, develop road management plans and systems through collaboration with stakeholders and automation of road projects management, enhanced Service Delivery via innovation and re-engineering of key business processes and enhanced Corporate Governance through development of risk management and monitoring frameworks. The reinvigoration of the structure and establishment of the Authority was an additional critical milestone of the five years period as it has positioned the Authority to align its architecture and human resource to achieve the afore-stated great leap in the infrastructural development of the country.

Significant challenges however still stand in the way of attaining the desired leap, key among them being funding shortfalls that have compounded on a yearly basis and resulted in the Authority accruing a huge debt in the form of pending bills. Consequently, as at the end of this year, a significant number of projects have stalled or registered less than envisaged progress this year. We however wish to acknowledge the notable efforts and undertaking by the Government to clear all pending payments. In furtherance of this, the Authority presented its budgetary requirements to the National Treasury through the Ministry of Roads and Transport and the Government has expressed intentions to significantly enhance the budgetary provisions made available to the Roads Sector in the coming Fiscal Year. Other challenges include; increased cost of works due to inflation, high cost of land acquisition, increased vandalism of road furniture and increased number of private claims on the Authority's Regional Road camps.

An increasing threat is the continued over-reliance on traditional road construction materials such as gravel leading to depletion and scarcity in some parts of the country. The resultant long haulage distances and delays have a direct impact on both the cost and delivery time for road projects. Innovative measures are progressively being on-boarded at various projects to counter this challenge, giving hope for permanent alternative solutions. The global threat of ecological catastrophe resulting from global warming further calls for innovation in road construction to reduce significantly and in future altogether eliminate the use of fossil fuels.

We recognize the support of the National Government through the Ministry of Roads and Transport together with our development partners such as the EU, AfD, KfW and BADEA whose role remains instrumental in the stellar performance of the Authority. Other notable stakeholders are Members of the National Assembly, who continue to offer oversight that inform our operational strategies.

It is therefore my pleasure to present this report to all stakeholders as I salute the contribution of the Board of Directors, Members of Staff and all Stakeholders in the achievements recorded during the year under review.

Prof. (Eng.) Oyuko Mbeche, EBS
Chairman (Board of Directors)



KeRRA Board of Directors receiving their certificates after successfully completing training on the Mwongozo



His Excellency the President Hon. William Ruto, PhD launching the Upgrading to Bitumen Standard of the 50Km Maili Kumi-Subuku-Sipala-Shamata-Kaka-Kariamu, Warukira-Shamata, Shamata Township Roads, Access to Shamata Girls Secondary School and Mairo Inya-Shauri- Salama Road in Nyandarua County.



KeRRA together with different stakeholders adopting 2.5 acres of the Maragoli Forest in Vihiga County in a bid to support the National Government's 15 billion tree planting initiative.

Director General's Statement



Eng. Philemon K. Kandie, MBS
Director General

The 2022/23 Financial Year marked the dawn of a new era in the country following the ascension into Office by the Kenya Kwanza Government.

The Authority's Annual Report is aimed at providing stakeholders with an accurate and balanced view of the implementation of the Authority's activities and operations in the year under review in line with the provisions of Section 44 of the Kenya Roads Act, 2007.

The Authority was further guided by the Strategic Plan (2018-2023) in the implementation of its core activities and operations in the period under review. In particular, it upgraded 292kms against a target of 273kms, routinely maintained 23,646kms against a target of 23,231kms, periodically maintained 128kms against a target of 127kms and reconstructed/rehabilitated 57kms of roads in the year under review. In addition, the Authority continued to implement all the presidential directives as issued from time to time and particularly on fast-tracking of implementation of ongoing road development projects and the National Tree Growing Restoration Campaign aimed at increasing forest and tree cover to 30% by the year 2032. Through a Collaboration Framework with the Kenya Forest Service, the Authority adopted 5 hectares of degraded forest in Murinduko Hill, Njukini Forest in Kirinyaga County whereby 10,000 No. Trees were planted.

The Authority takes cognizance of the legal requirement for women, youth and persons with disabilities to access 30% of Government Procurement opportunities being implemented within the context of the AGPO program. The aim of the AGPO program is to facilitate the enterprises owned by women, youth and persons with disabilities to be able to participate in Government opportunities. In particular, the Authority empowered this special category by awarding Kshs. 5,624,651,847.28 worth of contracts for enterprises owned by these groups aimed at empowering them by giving them more opportunities to do business with the Government.

Further, the Authority continued to roll out the Enterprise Resource Planning (ERP) System in integrating internal business processes towards enhancing accurate forward planning, data reliability and regulatory compliance. The following Modules were developed in the year: Finance, Human Resource, Payroll and Legal. In addition, the following ICT portals were developed: E-procurement portal, Employee service portal and roadside development approval E-service portal. The automation of internal audit process is ongoing.

Additionally, the Authority successfully rolled out a mechanism of handling visitors through a Visitors Management System in the year under review. This has enabled time saving and productivity improvement, better data collection, visitors privacy, organizational security and improved professional image.

The Authority during the year under review, recruited additional staff totalling 168 in different cadres in an effort to improve on the capacity of staff strength for the Authority. Additionally, the Authority engaged 323 individuals in industrial youth internships/attachments (against a target of 240 No.) with an aim of putting into practice the

theory and technical skills learnt in the lecture room. This was expected to create useful linkages with captains of the industry hence impacting key skills on the group. As a result, the students got an opportunity to gain industrial experience and workplace expertise.

The Authority has continued its commitment to fair and effective resolution of complaints, it amicably handled all the 127 number of complaints received in conjunction with the relevant stakeholders in accordance with the law.

The achievements within the financial year can be attributed to the support, firm guidance and the positive direction given by the Board of Directors. Moreover, the dedication, innovation and commitment to duty by the Authority staff made it possible for Management to perform and achieve to the expectation of the Board and other stakeholders.

The Authority also counted on the critical and invaluable cooperation and support from our stakeholders, the Ministry of Roads and Transport and The National Treasury and Planning for their distinguished role in helping us achieve our mandate through both policy and budgetary support. In addition, our appreciation goes to development partners (KfW, AfD, BADEA and EU) and related road agencies for their continued support and partnerships.



Eng. Philemon K. Kandie, MBS
Director General





Governor Uasin Gishu County Jonathan Bii paying a courtesy call to the KeRRA stand at the ASK Eldoret Show. The theme of show was "Promoting Innovation and Technology in Agriculture and Trade" on March 2nd 2023

Board of Directors

The Board members are drawn from representatives from public and private sector as set out in section 8 of the Kenya Roads Act 2007. The members who held the office during the year under review were as follows:



Prof. (Eng) Oyuko Mbeche, EBS
Chairman, Board of Directors

Prof (Eng) Oyuko. O. Mbeche was born in 1946. Prof. (Eng.) Mbeche is holder of B.Eng. From Stevens Institute of Technology (USA), MSc from Polytechnic Institute of Brooklyn (USA) and PhD from the University of Nairobi. He is also a Civil Engineer specializing in the field of Transportation Planning and Engineering.

Prof. (Eng) Mbeche is a Nobel Peace Prize recipient bestowed on him by the International Panel on Climate Change (IPCC) in December, 2007, Member American Society of Civil Engineers, Member American Society of Engineering Education, Member Kenya National Academy of Sciences and Member Engineering Board of Kenya. He is a Professor of Civil Engineering at the University of Nairobi and has supervised various undergraduate and postgraduate projects.

He is the Chairperson of the Board. He has also written many research papers on matters touching on land use, planning, transport economics and urban planning. In his work experience, he has worked as a project coordinator, team leader, and project civil/structural engineer in various government organizations.



Hon. Amb. Ukur Yatani Kanacho, EGH
Cabinet Secretary National Treasury
Upto 27th October 2022

Hon. Amb. Ukur Yatani Kanacho was born in 1967 and holds Bachelor of Arts in Economics, Egerton University, Kenya, 1991 and Master of Arts in Public Administration and Public Policy, University of York, United Kingdom, 2005;

He has over 27-year experience in public administration, politics, diplomacy and governance in public sector since 1992. Before his appointment as Cabinet Secretary for the National Treasury and Planning he served as the Cabinet Secretary for Labour and Social Protection since January 2018.

Between the years 2006-2007 while Member of Parliament for North Horr constituency, he also served as an Assistant minister for science and technology. At the height of his career (March 2013-August 2017), he served as a pioneer Governor of Marsabit County, the largest County in the Republic of Kenya. Between June 2009 and October 2012, he served as Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna. In this position, he aggressively pursued and advanced Kenya's foreign interests.

He held senior leadership positions at various diplomatic and international agencies such as International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against Transnational Organized Crime (UNTOC), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and chair of African Group of Ambassadors among others. Between 1992—2015, he served in different positions in Kenya's Public Administration including a District Commissioner, where sharpened his management and administrative skills.



Prof. Njuguna Ndung'u, CBS

*Cabinet Secretary National Treasury
From 27th October 2022*

Prior to the current appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons. He is an associate professor of economics at the University of Nairobi, Kenya and the immediate former Governor, Central Bank of Kenya.

Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Program specialist at IDRC and Team Leader in Macromodelling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from University of Gothenburg, Sweden. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion, that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.



Ms. Zahra Mohamed Haji

Alternate to Cabinet Secretary National Treasury and Planning

Ms. Zahra Mohamed Haji was born in 1981 and is a holder of B.Sc. Journalism from United States International University, Africa and a M.A. Journalism (International) from London University of Westminster.

She is a dynamic and highly motivated communications coordinator with 12 years of experience engaging members of diverse communities, government agencies and private organisations in strategic marketing ventures to develop cross-functional relationships that contribute to business growth and awareness raising. She has proven ability to promote mandates and services to consumers within the corporate and non-profit sectors through market trend analysis and detailed research.

She was an Executive Assistant to the Cabinet Secretary, Ministry of Labour and Social Protection and currently the Executive Assistant to the Cabinet Secretary, Ministry of National Treasury and Planning.

She has held senior leadership positions such as Senior Manager, Advocacy and Communication at Commission on Administrative Justice (Office of the Ombudsman) and also was a Managing Director at Radio Salaam Limited, Mombasa, Kenya.



Prof. (Arch.) Paul Mwangi Maringa, CBS

*Principal Secretary -State Department of infrastructure - Principal Secretary -State Department of Roads -Ministry of Roads and Transport.
Works
Up to 2nd December, 2022*

Prof. Arc. Paul Mwangi Maringa, born in 1959, and holds Bachelor of Architecture Degree University of Nairobi 1979-1986, Masters of Arts in Planning-Urban and Regional planning University of Nairobi 1989-1990; and Doctor of Philosophy- Environmental Planning, Jomo Kenyatta University of Agriculture and Technology 1999-2005.

He is the Principal Secretary State Department of infrastructure -Ministry of Transport, Infrastructure, Housing and Urban Development and Public Works and was previous Principal Secretary, State Department of Public Works having been appointed in December 2015.

Prof. Arc. Maringa is a Founder Associate Professor of Architecture and Planning of the FAED, Senior Expert, Planning and Project Management and Technical Expert and Master Trainer in Building Construction and Infrastructural Planning and Development.



Eng. Joseph Mbugua

*Principal Secretary -State
Department of Roads -Ministry of
Roads and Transport.
From 2nd December, 2022*

Eng. Joseph Mbugua was born in 1962 and is the immediate former Regional Director Kenya Rural Roads Authority. Eng. Mbugua is a registered professional Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of the Institution of Engineers of Kenya (MIEK). He holds a BSC in Civil Engineering from University of Nairobi. He is a Strategic Manager who has successfully risen in ranks to be a highly capable change-agent consistently refining and revitalizing strategies, initiating changes and facilitating solutions driven by team collaboration within the Public Sector.

He is extensively trained in Strategic Leadership Development, Senior Management, Highway Development Management, Contract Management, Labour Based Road Construction and Maintenance, Quality Management Systems and Master Certificate in Project Management. He has valuable experience in policy formulation, planning, design, construction and management of projects and programs gained from his working experience in Public Service for over 30 years.



Eng. Stephen Kogi

*Alternate Director to Principal
Secretary- State Department
of Infrastructure - Ministry of
Transport and Infrastructure
Housing and Urban Development
and Public Works*

Eng. Stephen K Kogi was born in 1964 and is the alternate to the Principal Secretary, State Department of Infrastructure department in the Ministry of Roads and Transport from June 2020. He is currently the Chief Engineer in charge of infrastructure quality standards and research in the Ministry.

He has extensive experience in professional and public administration, including strategic leadership and corporate governance gained from his training and responsibilities in the different programmes and mandates in government and as a graduate of Civil Engineering from the University of Nairobi and a Master's degree of Business Administration from Jomo Kenyatta University of Agriculture and Technology.

He has previously coordinated the improvement of roads under various development partners and the development of policies including the design guidelines in support of the Government agenda for the improvement of over 10,000Km road network under the Low Volume Sealed Roads Programme.

He has been involved in various local and international forums and is the current President of the African Road and Transport Research Forum with a membership of the Sub-Saharan African countries



Mr. Julius Korir ,EBS
*Principal Secretary, Ministry of
Devolution*

Mr. Julius Korir ,EBS is the Principal Secretary, Ministry of Devolution. Prior to this appointment, he was the Principal Secretary in the State Department for Youth Affairs, Ministry of Information, Communication and Technology, Innovation and Youth Affairs.

Mr. Korir has also previously served as the Principal Secretary in the State Department for Infrastructure, Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, and in the Ministry of Health.

He was first appointed as a Principal Secretary on 18th December, 2015 to the State Department for Investment and Industry, Ministry of Industry, Trade and Cooperatives.

Mr. Korir has been instrumental in promoting improved livelihoods for the Youth by ensuring they have access to decent jobs, entrepreneurship and skills development and mentorship in addition to encouraging the youth to exploit their talents for economic gain. His experience extends to managing Public/Private Partnership (PPP) initiatives, bringing together Public and Private Sector Stakeholders. His wealth of experience has seen him spearheading the Contractor Facilitated Road Development Mechanism. This entails Design-Finance-Build and Transfer PPP Framework of the Roads Annuity Programme.

He is keen on enterprise development and has vast experience in the fields of country promotion, particularly Foreign Direct Investment (FDI), exports and tourism with a view to enhancing economic growth in Kenya.

Mr. Korir has been involved in managing a large portfolio of Government and Development Partner Funded Projects that are spread throughout the Kenya.

Mr. Korir holds an MBA in International Business and a BSc. in Agricultural Economics



Ms. Teresia Mbaika
*Principal Secretary, Ministry of
Devolution.
From 2nd December, 2022*

Ms Teresia Mbaika Malokwe was born in 1986. Ms Tersia holds a Master of Science degree in Health Economics, obtained from the University of Nairobi and a Bachelor of Science degree in Environmental Health from Kenyatta University

In June 2018, Teresia was appointed to the board of directors at the National Environment Management Authority of Kenya.

Ms Teresia was a member of the eleven-person board of directors at the Kenya Nuclear Electricity Board. While there, she chaired the Finance and General-Purpose committee.

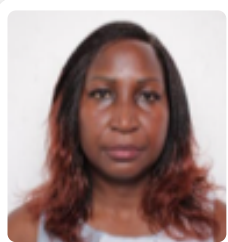
In January 2014, she served as a board member at Beams Construction and Supplies Limited, a Nairobi-based construction company. She has also worked at the Kaiti Constituency NG-CDF since June 2013. Her duties there, include overseeing financial management, corporate governance and compliance at the government agency



Mr. Kennedy Nyambati
Alternate to Principal Secretary
Ministry of Devolution
Upto 4th June 2023

Mr. Kennedy Nyambati is a Director Capacity Building and Technical Assistance in the Ministry of Devolution. Director Nyambati was born in 1966 and hold a Bachelor of Arts (Sociology) from University of Nairobi and Master in Public Sector Management from the Africa University, Zimbabwe.

Director Nyambati is well versed in Public Sector Management, Governance and Leadership; Public Policy Analysis; Performance Management; Programme and Project Management; Diplomacy and Negotiations; Strategic Planning and Management; Human Resource Management; Regional Cooperation and Integration; Devolution Affairs; Inter-Governmental Relations; Capacity Building and Technical Assistance.



CPA Margaret Osilli
Alternate to Principal Secretary
Ministry of Devolution
From 5th June 2023

Ms Margaret Osilli is the Deputy Director Devolution. She is an accounting professional with management skills and expertise in financial management.

Ms.Osilli is a Certified Public Accountant and holds a Certificate in Strategic Leadership Development Programme. She has over 20 years' experience in cash management, procurement, internal, controls, budgeting, financial reporting and analysis. She possesses exceptional interpersonal and management skills. She has worked for various institutions including Malaba Town Council, Busia County Council, Nairobi City Council, Kisumu City Council, and county government of Kisumu.



Ms.Nelly Mbugua, OGW
Institution of Surveyors
Of Kenya
Upto 2nd October, 2022

Ms. Nelly Mbugua was born in 1968 and holds Bachelor of Arts in Land Economics from the University of Nairobi, Master of Science in Project Management, a post-graduate diploma with the Institution of Surveyors of Kenya and currently pursuing her Post Graduate studies. Nelly has worked for top real estate companies in Kenya among them: Lloyd Masika Ltd and Kenya Valuers and Estate Agents Ltd where she has held senior management positions. She has trained in Corporate Governance.

She is the Chairperson of Board Human Resource and Administration Committee Ms. Nelly has vast experience in the real estate industry consultancy, with local and international Registration and licensing by the Valuers Registration Board (VRB) and the Royal Institution of Chartered Surveyors (RICS). Nelly is a full member of the Institution of Surveyors of Kenya (ISK) and has served the Institution as VEMS Chapter Chairperson and a member of the governing Council. Nelly is a registered estate agent and is the immediate past Chairperson of the Estate Agents Registration Board (EARB). As the Chairperson of EARB, Nelly worked tirelessly to improve professionalism and raise the profile of estate agency profession in Kenya. She is a Trustee of the Bible Society of Kenya (BSK), and a past Chairperson of the Board of BSK.

Ms.Nelly is a seasoned valuer, specializing in business and hospitality industry and oil and gas exploration valuation, as well sales, letting and property management. Ms Nelly is a director at Citiscape Valuers and Estate Agents Limited.



Prof. Lawrence Esho
Kenya Institute of Planners.
Upto 2nd October, 2022

Prof. Lawrence Esho was born in 1970 and is a holder of Bachelor of Arts (BA) Sociology Kenyatta University (Kenya) 1995, Master of Architecture (M.Arch) Human Settlement from Catholic University of Leuven (Belgium) 2003, Masters of Arts (MA Planning University Of Nairobi Kenya 1997 ,Doctor Of Engineering (Dr-Ing), Architecture/Spatial Planning From Catholic University of Leuven(Kul)(Belgium) 2008,

He is the Chairperson of the Board Audit Committee.

He is trained in sociology, planning and human settlements. He has worked as a planner and an academic. He is Chairman, Department of Urban and Regional Planning at the Technical University of Kenya.

Lawrence has researched various aspects of housing, transport and planning in the region and continues to collaborate in research with a number of institutions, including KU Leuven, HIS the Netherlands.



CPA Caroline Waithira Ndung'u
From 20th June 2023

CPA Caroline Ndungu holds Bachelor of Arts in Economics degrees from University of Nairobi and a Member Institute of Certified Public Accountant of Kenya (ICPAK) CPA Caroline has over 25years experience in the corporate world in various capacities. CPA Caroline is a dynamic leader adept in creating a positive and productive corporate culture, collaborating with stakeholders. Expert in business development, portfolio management, budgeting, auditing, and accounts management. Influential communicator with ability to enhance customer experience, liaise with various organizations, regulators, communities and the media.

Deploys a strengths-based leadership style for self and others. A strategist that quickly weighs alternative paths to determine the best one while naturally anticipating and playing out different scenarios and planning ahead to enable agile decision making. An activator that catalysis ideas into action with contagious and engaging energy. Builds bridges between people and groups helping others find meaning and see the bigger picture, while giving them a sense of comfort and stability in the face of uncertainty.



Eng. Yego Kiprutto Shadrack
Institution of Engineers of Kenya
Upto 2nd October, 2022

Eng. Shadrack was born in 1980 and he is registered with Engineers Board of Kenya as a professional engineer and a corporate member of the Institution of Engineers of Kenya (MIEK).

Eng. Shadrack holds Bachelor of Science degree in Civil engineering from University of Nairobi. He has over fifteen (15) years of experience in carrying out engineering feasibility studies, infrastructure assessments, preliminary and detailed studies and designs, contracts administration and construction supervision of engineering projects in the field of roads, dams, water and sanitation and buildings.

Eng Shadrack is the Chairperson of Board Finance committee and Board Technical Committee and has passion in giving back to the community and a champion of corporate governance and continues to hold leadership mantle in various private institutions. Eng Shadrack has a good and strong blend of the Government of Kenya systems, private sector and United Nations working environment. In addition, Eng Shadrack has experience working in similar projects in ASAL and hardship areas in Kenya, Tanzania, Burundi and Somalia.



Eng. Dorcas Mutheu Musingi
Institution of Engineers of Kenya
From 20th June 2023

Eng Dorcas Mutheu Musingi is Registered Member of Engineers Board of Kenya (EBK) and Institute of Engineers of Kenya (IEK).

Eng Dorcas holds a Master of Philosophy Degree in Civil Engineering from Moi University and has over 20 years' experience in various capacity. Currently is a lecturer at Technical University of Mombasa (TUM).

Eng Dorcas has served as committee member for IEK as Coast Branch Vice Chairperson, Syllabus Review committee for TUM and organizing Secretary of coast Kamba Professionals.



Mr. Alvin Kibet Kirui, MBS
Kenya Farmers Association

Mr Alvin Kirui was born in 1993 and holds and Bachelors of Business Information Technology Degree from Jomo Kenya University of Agriculture and Technology and has successfully completed the investing in Agribusiness Value Addition programme from Strathmore University.

Mr. Alvin is a Member of the Micro and Small Enterprise Tribunal representing SME Sector under the Judiciary, whose mandate is settlement of commercial disputes. He is also a Lead Partner for Promitex. He is also a Founding Director of Tekelbei Water Foundation, a non-state actor with a goal of providing water storage facilities for rural farmers, providing farmers with market information, and climate adaptive farming strategies. Mr Alvin also Chairs IMAP International Limited and Leads the East Sotik Co-operative Society.



Eng. Philemon K.Kandie,
MBS
Director General

Eng. Philemon Kandie was born in 1971 and is a registered engineer with Engineers Board of Kenya and a member of the Institution of Engineers of Kenya (MIEK).

Eng. Kandie holds BSc. Hons in Civil Engineering from Jomo Kenyatta University of Agriculture and Technology and Diploma in Transport Planning, Development and Management from Galilee Management Institute (Israel), Master of Science in Road Management and Engineering from the University of Birmingham in United Kingdom, He has been extensively trained in Management Infrastructure embracing Road Asset Management and has valuable experience in policy formulation, planning, design, construction and management of projects and programs gained from his working experience in Public Service for over 24 years.

He worked in the Ministry of Roads and Kenya National Highways Authority as Regional Manager in various stations and promoted to Regional Network Coordinator in headquarters. He is a Registered Professional Engineer with Engineers Board of Kenya and a Corporate Member of Institution of Engineers of Kenya.

Eng. Kandie holds leadership portfolios in and out of the Authority and a member of various committees amongst them, Road Sector Investment Plan, Review of Road Classification, Performance Based Contracts and Roads 2000 Strategy Implementation.

Management Team



Eng. Philemon Kandie, MBS
BSc Hons, MSc, P.Eng., MIEK,
Director General, from 6th July 2020



Eng. Peter P. Gichohi
BSc., MSc, P.Eng., MIEK, A(CIAB)
Director Road Asset Management.



CPA Dan Manyasi
BCom, MBA, CPA(K)
Director -Corporate Services



Eng. Jackson K. Magundu
BSc., M(IBL), P.Eng., MIEK,
A(CI Arb-UK)
Director Development



Eng. Julius K. Gakubia
BSc., P.Eng., MIEK
Ag Director- Research, Strategy &
Compliance



Eng. Enoch A. Kombo
BSc, P.Eng., MA(Planning), MIEK
Director -Planning, Design & Environment



CPA Judith C. Chumo
Bcom, MBA, CPA(K), CISA, CIQA
Deputy Director - Internal Audit

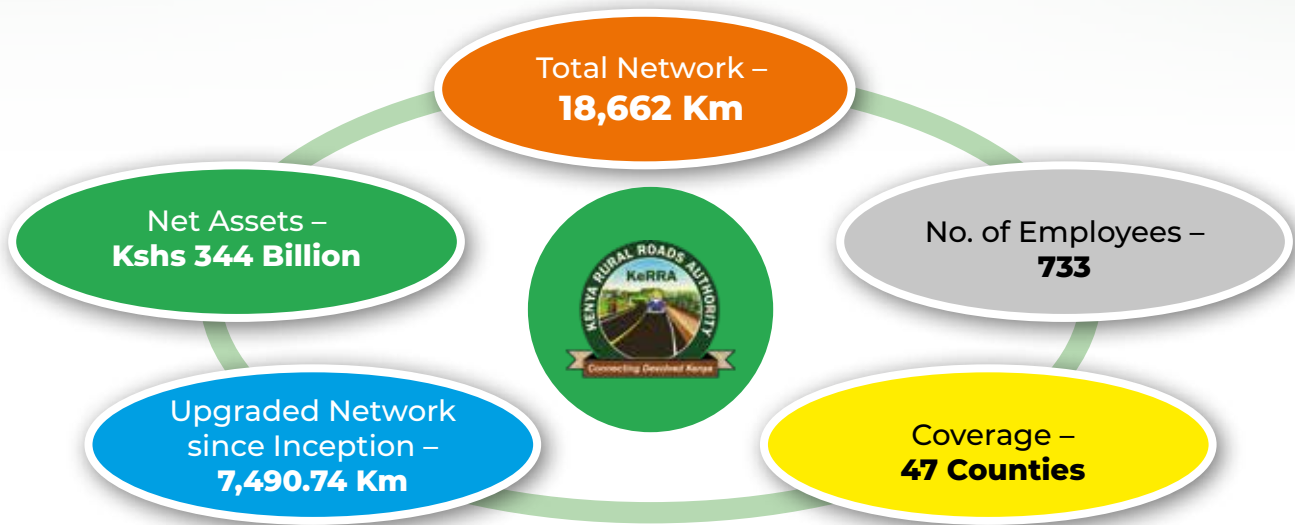


Mr. Justin M. Rapando
LLM, LLB MSc, Dip(KSL), CPS(K),
M(CI Arb)
Deputy Director - Legal Affairs

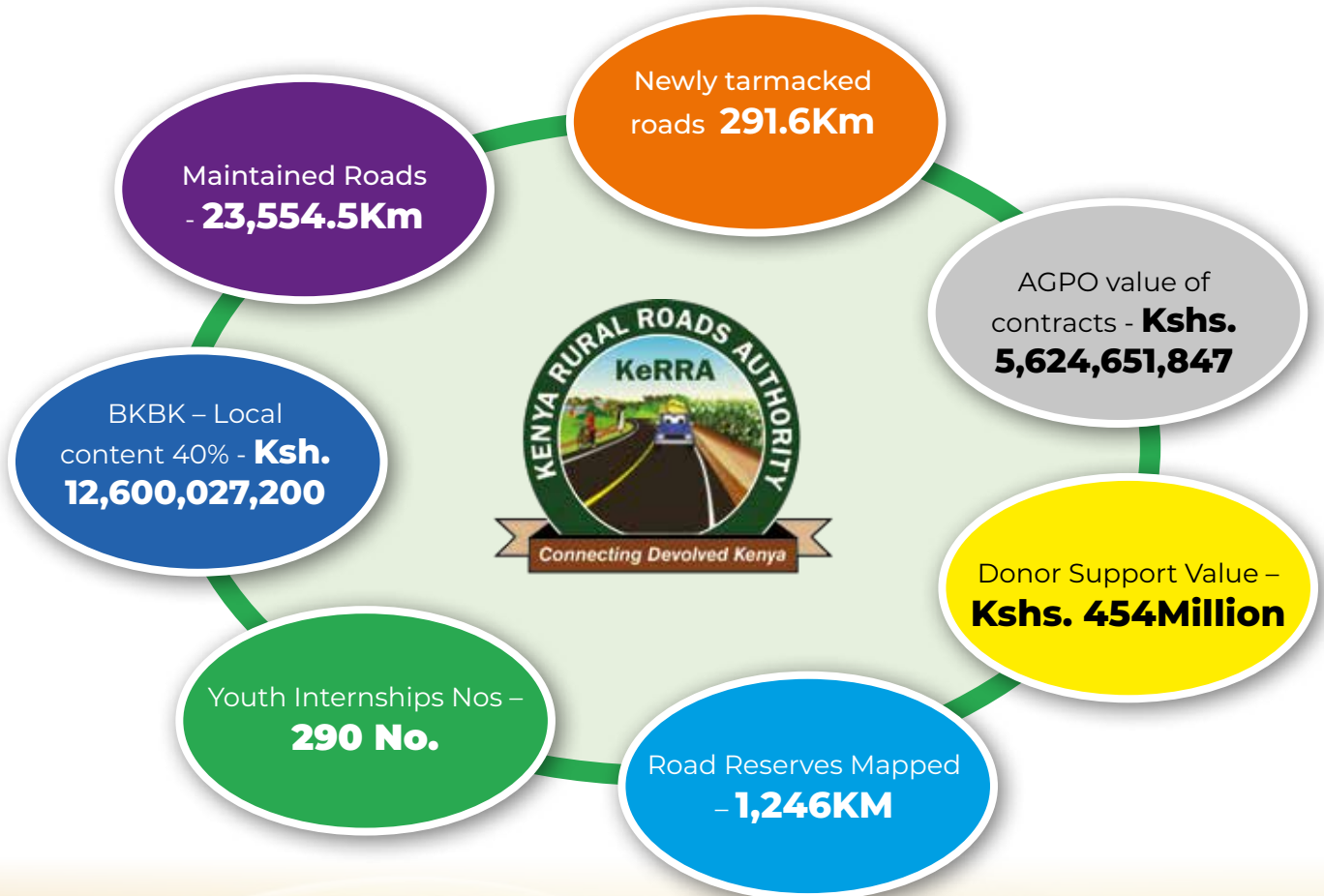


Ms. Catherine Kangangi
MSc(Proc. & Logistics), MKISM, MCIPS
Ag. Deputy Director – Supply Chain
Management

KeRRA at a Glance



Key Performance Indicators during the Year





Kenya Rural Roads Authority

Principal Statements

Our Vision

“Easy access to resources and services”

Our Mission

“To develop, manage and maintain national secondary trunk road network”

Our Motto

“Connecting Devolved Kenya”.

Strategic Objectives

1. To increase the national secondary trunk road network under bitumen
2. To improve maintenance and rehabilitation of the national secondary trunk road network
3. To develop road management plans and systems
4. To enhance Service Delivery
5. To enhance Corporate Governance

Our Core Values

1. Professionalism
2. Innovation
3. Integrity
4. Equity
5. Team work
6. Collaboration

The Mandate of the Authority

The Kenya Roads Act, 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. However, the Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). In line with this provision, the road network in Kenya was reclassified vide Kenya Gazette Notice of 22nd January 2016 by the State Department of Infrastructure. National trunk roads in Class C totaling 19,504 Km were vested to the Authority by the Cabinet Secretary. A further reclassification by the Cabinet Secretary on 8th May 2020 revised the KeRRA network to 18,662Km of national trunk road network in Class C.

1.1 Functions of the Authority

The Kenya Rural Roads Authority mandate as per the Kenya Roads Act 2007 is as follows: -

- a) Constructing, upgrading, rehabilitating and maintaining roads under its control;
- b) Controlling reserves for rural roads and access to roadside developments;
- c) Implementing road policies in relation to rural roads;
- d) Ensuring adherence by motorists to the rules and guidelines on axle load control prescribed under the Traffic Act (Cap. 403) or any regulations under this Act;
- e) Ensuring quality of road works is in accordance with such standards as may be defined by the Cabinet Secretary;
- f) In collaboration with the Ministry responsible for Transport and the Police Department, overseeing the management of traffic on rural roads and issues related to road safety;
- g) Collecting and collating all such data related to the use of rural roads as may be necessary for efficient forward planning under this Act;
- h) Monitoring and evaluating the use of rural roads;
- i) Planning the development and maintenance of rural roads;
- j) Liaising and co-coordinating with other authorities in planning and operations in respect of roads;
- k) Preparing the road work Programmes for all rural roads;
- l) Advising the Cabinet Secretary on all issues relating to rural roads; and
- m) Performing such other functions related to the implementation of the Act as may be directed by the Cabinet Secretary.

1.2 Corporate Governance

1.2.1 Overview

The Board provides oversight to Management who are responsible for the day-to-day running of the organization and emphasizes the principles of good Corporate Governance in the discharge of its mandate. The Board has 4 committees through which it discharges its mandate and is evaluated annually by the State Corporations Advisory Committee (SCAC).

1.2.2 Organizational Structure of the Authority

The Authority is governed by a Board of Directors as per section 8 of the Kenya Roads Act 2007. The day-to-day management of the Authority is carried out by the Director General who is also the secretary to the Board. The Authority carries its mandate through six Directorates, two Departments and forty-seven regional offices.

1.2.3 Appointment of Board Members

Appointment to the Board is carried out pursuant to section 8 of the Kenya Roads Act 2007. The Chairman of the Board is appointed by the President of the Republic of Kenya. Members of the Board are appointed by the Cabinet Secretary responsible for Roads on recommendation of the various nominating institutions provided for under the Kenya Roads Act 2007.

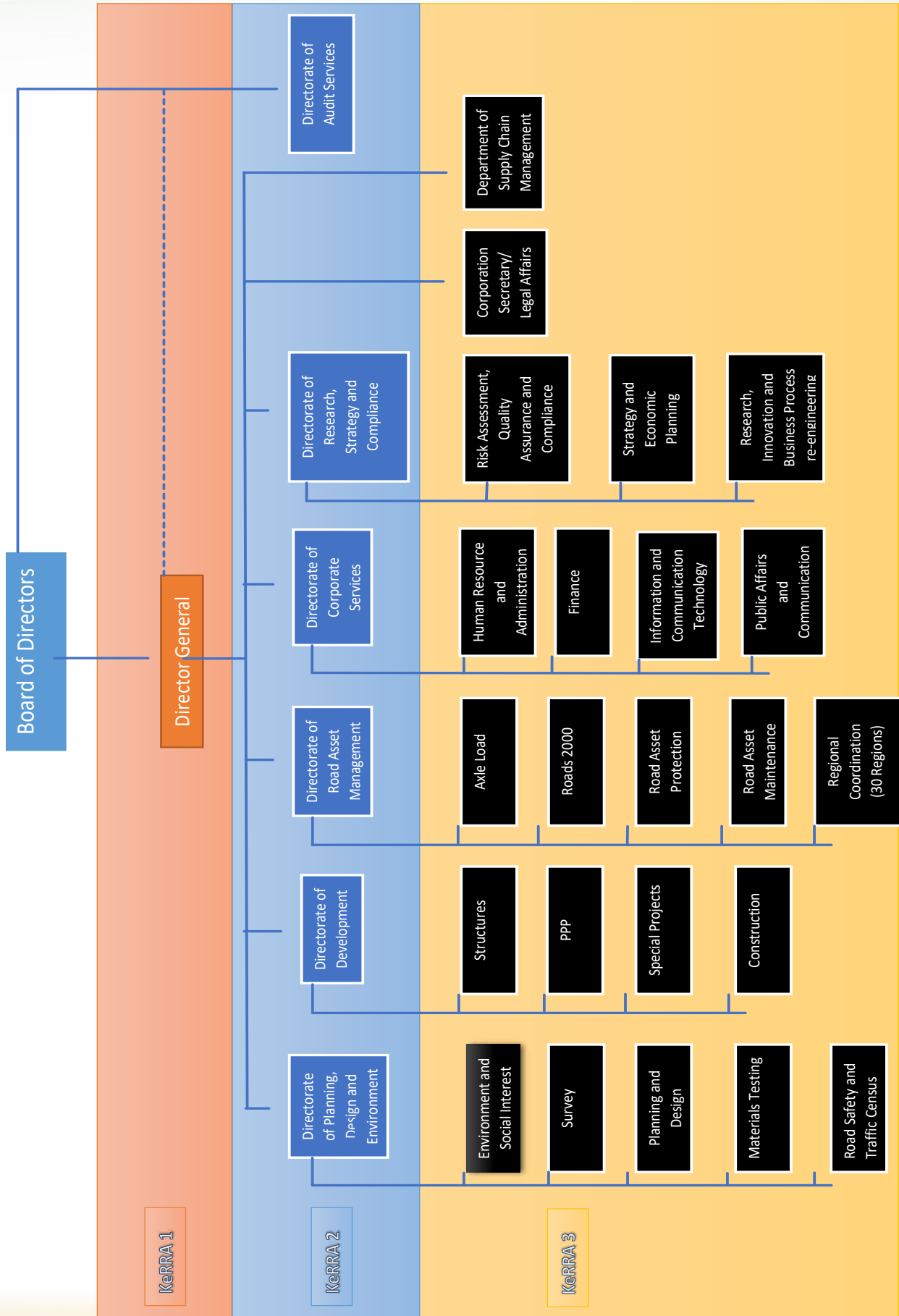
1.2.4 The role of the Board

The role of the Board is to provide strategic direction and oversight to Management in the running of the Authority's affairs. The Board has set up standing committees to discharge its oversight role.

1.3 Policies of the Authority

- i) The Authority has developed various policies in the implementation of its mandate. They include but are not limited to; Internal Audit Charter, Information Security Policy, Board Charter, Service Charter, Anti-Corruption Policy, Human Resource Policy and Procedures Manual, KeRRA Organization Structure and Staff Establishment, Career Progression Guidelines, Road Safety Policy, Road Safety Policy, Corporate Social Responsibility (CSR) Policy, Financial Management Policies and Procedure Manual, Procurement Policies and Procedure Manual, Environmental Policy, Occupational Safety and Health Policy, Alcohol and Drug Abuse Workplace Policy, Gender Mainstreaming Policy, Sexual and Gender Based Violence (SGBV) Policy, Disability Mainstreaming Policy, Road Asset Management Policy, Road and Bridge Works Contract Management Policy, and Communication Policy.

1.4 Organizational Structure



1.5 Staff Establishment

The Authority has a staff strength of 733 members. Table below provides a summary of distribution of the staff strength.

Table 1: Table on Staff Strength

No.	Designation	No.
1.	Engineers	119
2.	Surveyors	28
3.	GIS Officers	1
4.	Senior/ Assistant Road Officers	150
5.	Economist	1
6.	Environmentalists	3
7.	Sociologist	1
8.	Legal Officers	6
9.	Finance and Accounting Officers	106
10.	Public Communication Officers	6
11.	Human Resource Management Officers	4
12.	Information, Communication and Technology Officers	59
13.	Senior/ Office Administration Officers	42
14.	Supply Chain Management Officers	88
15.	Auditors	7
16.	Records Management Officers	2
17.	Senior/Drivers	82
18.	Senior/ Office Assistants	28
	Total	733



KeRRA staff from Meru, Nyeri, TharakaNithi, Embu, Kirinyaga, Laikipia, Isiolo Regions and part of the HQ staff participating in a Team Building exercise in Kisumu County on September 8th 2022.

1.6 Directorate/Departmental Functions

1.6.1 Office of the Director General

The Office is responsible to the Board of Directors for the broad implementation of the Authority's strategic goals and the management of its resources. The Office is responsible for the day-to-day running and management of the Authority's operations.

1.6.2 Directorate of Development

The Directorate is responsible for upgrading of roads and construction of drainage structures through conventional and low volume seal standards, financed by both the GoK and Development Partners.

1.6.3 Directorate of Road Asset Management

The Directorate is responsible for formulating Road Asset Management policies and coordinates regional road asset management programmes. Further it undertakes all maintenance activities of the road network, monitoring of axle loading and approval of roadside developments.

1.6.4 Directorate of Planning, Design and Environment

The Directorate is responsible for formulation and review of road policies and plans, coordination of feasibility studies, undertaking preliminary and detailed engineering designs of roads and drainage structures, and overseeing surveying and mapping of road corridors. In addition, it carries out traffic counts and road safety audits, and facilitates knowledge transfer and capacity building.

The Directorate institutes environmental and social safeguards.

1.6.5 Directorate of Research, Strategy and Compliance

The Directorate is charged with enhancement of strategic policy initiatives and guiding the performance contracting framework in the Authority. It is charged with promoting research and innovation in all the areas of operations, Quality Assurance, Business Development, Risk Assessment and Compliance. The Directorate is also responsible for implementation of Quality Management Systems (QMS).

1.6.6 Directorate of Corporate Services

The Directorate is in charge of functional areas of Finance and Accounts, Information and communication Technology, Human Resource and Administration, and Public Affairs and Communication. The Directorate provides strategic leadership in the functional areas through appropriate policies, plans and procedures. The directorate ensures optimal utilization and management of the Authority's resources.

1.6.7 Directorate of Audit Services

The Directorate of Audit Services reports to the Board Audit, Risk and Governance Committee and administratively to the Director General. The Directorate has a responsibility of ensuring that the Authority has adequate systems and processes of accountability, risk management and internal controls.

1.6.8 Department of Corporation Secretary and Legal Affairs

The Department is responsible for the provision of legal advice, litigation services, statutory compliance, legislative and legal drafting, contract advisory services and offers support in the Board secretarial function. In view of the nature of Board secretarial and legal services, the Deputy Director reports to the Director General and is the custodian of Board records and the Authority's key documents.

1.6.9 Department of Supply Chain Management

The department is responsible for acquisition of works, assets, goods, and services, as well as providing end-to-end procurement planning and processing, coordination and collaboration with partners and stakeholders, in the supply chain system. In addition, the Department is responsible for the disposal of assets.

Progress of the Authority for Financial Year 2022/2023

The Authority adopts various intervention measures to achieve its objectives, targets and planned outcomes based on the following strategic objectives;

- i) To increase the national secondary trunk road network under bitumen
- ii) To improve maintenance and rehabilitation of the national secondary trunk road network
- iii) To enhance Corporate Governance
- iv) To enhance Service Delivery

2.1 Progress for various Performance Indicators

Performance indicators and targets for the financial year 2022/2023

The Performance indicators and targets for the financial year 2022/2023 were as follows: -

Table 2: Strategic Objectives, Performance targets and Planned Activities/Outcomes and Outputs

Indicator	Performance Target	Planned Activities/Outcome	Outputs FY 2022-2023
Strategic Objective 1: To increase the national secondary trunk road network under bitumen			
Design Low Volume Seal Roads	To design 912Km of rural road network	Design roads to support accessibility to all production, market and social centers for enhanced economic growth	962 Km
Construct Roads using Low Volume Seal Technology	To upgrade 246.0 Km of rural roads network to bitumen standards	Open up rural roads to reduce transport cost and journey time	270Km
Construct Roads using Conventional approach	To upgrade 22.0 Km of rural roads network to bitumen standards	Open up rural roads to reduce transport cost and journey time	17Km
Construct LVSR under R2000	To upgrade 5 Km of rural roads network to bitumen standards	Open up rural roads to reduce transport cost and journey time	5 Km
Construction of Drainage Structures	To construct 4 No. bridges	Design and construct bridges to support accessibility to all production, market and social centre for enhanced economic growth	25 No.

Indicator	Performance Target	Planned Activities/Outcome	Outputs FY 2022-2023
Strategic Objective 2: To improve maintenance and rehabilitation of the national secondary trunk road network			
Undertake Rehabilitation/ Reconstruction works	To rehabilitate 57 Km of rural road network	Well maintained rural roads	57Km
Undertake Routine Maintenance of roads	To maintain 23,189 Km of rural road network	Well maintained rural roads	23,555Km
Undertake Periodic Maintenance of roads	To carry out periodic maintenance of 127 Km of rural road network	Well maintained rural roads	128Km
Undertake Regular Traffic census	Traffic count report at 470 census points.	Traffic census data for planning and design purposes	Report on traffic count at 490 census points compiled.
Monitoring Axle loading	To monitor 80 No. rural roads for axle loading	Safeguarding rural roads investment	80 No. rural roads monitored for axle loading.
Manage Road Reserves	To map 1,246.1Km of rural road reserves	Safeguarding rural roads corridor	1,246Km mapped
Maintenance of Roads under Annuity Programme/PPP	To maintain 91.5 Km of Roads under Annuity/ PPP	Well maintained rural roads	91.5Km
Strategic Objective 3: To enhance Corporate Governance			
Compliance with Technical standards, legal and regulatory framework	Undertake systems, financial and technical compliance audits	To safeguard Quality control and value for money	Compliance Audit reports compiled
Good governance	Develop capacity for the Board	No. of Board inductions and training reports	Board Members were inducted on two occasions and trained severally on various aspects of corporate governance.
Undertake Monitoring and Evaluation	To monitor, evaluate and report on all major Development Projects	Confirm Compliance and achievement of Key Result Areas in line with the Organizational Strategic Plan	M and E Quarterly reports

Indicator	Performance Target	Planned Activities/Outcome	Outputs FY 2022-2023
ISO Certification	Implement the Quality Management System (ISO 9001:2015)	<p>Training of ISO 9001:2015 Quality Management System champions</p> <p>ISO 9001:2015 Quality Management system gap analysis.</p> <p>QMS documentation review and development</p>	<p>24No. champions trained</p> <p>Gap analysis completed.</p> <p>QMS documentation and review completed.</p>
Corruption Prevention	Corruption risk assessment report and mitigation plan	<p>Develop corruption risk assessment and mitigation plan to cover the following: -</p> <ul style="list-style-type: none"> • Core Mandate • Information Communication Technology Payroll Management • Procurement and Financial management 	<p>Reviewed and Updated Corruption Risk Assessments and mitigation plans</p> <p>Core Mandate carried out;</p> <ul style="list-style-type: none"> • Financial audits, • Compliance Audits, • Operational Audits • Technical Audits • Integrity Training for Constituency Roads Committees • Governance Audit • Payroll Management • Migrated from a stand-alone HR module to ERP • Defined access controls <p>Procurement and Financial management</p> <ul style="list-style-type: none"> • Continued with automation of Authority's function via Enterprise Resource planning. • Issued circulars and sensitized staff on procurement documentation in compliance with PPDA 2015 and Regulations 2020 • Capacity building, staff continuous trainings • Carried out compliance Financial and performance audits

Indicator	Performance Target	Planned Activities/Outcome	Outputs FY 2022-2023
	Report to the ethics and anti-corruption commission	Enhance capacity on corruption prevention, ethics and integrity	Integrity Officers Assurance Workshop held. The scope covered Corruption prevention strategies, ethics and integrity
		Prepare Quarterly reports to EACC	Quarterly returns to the EACC (Ethics and Anti-Corruption Commission).
Strategic Objective 4: To enhance Service Delivery			
Business Process Re-engineering: Automation of Processes	Re-engineer 2 No. processes for: - a) Handling of visitors (through a Visitors Management System); and b) Establish an ICT System for roadside development approvals.	(i) User requirements collection and documentation (ii) Procurement of the vendor (iii) System design, customization and testing (iv) System Go - Live and use	Roadside development module and Visitors Management system have been developed and tested. The systems have been customized, developed and tested in readiness for user training and roll-out.
Business Process Re-engineering: Service Delivery Innovation	Leverage on and enhance use of Information and Communications Technology (ICT) and other innovations in service delivery.	(i) Train at least 100 technical officers (Engineers and CROs) on the iRMS module already developed in the ERP. (ii) Scaling up the regional internet connectivity from the current 4Mbps to 10Mbps for all the 47 regional offices (iii) Implement the virtual private network technology (VPN) to support remote working for at least 400 staff at the Authority. (iv) Upgrading both the primary and secondary data centres to ensure continuous availability of IT services to both internal and external stakeholders	(i) KeRRA Board of Directors, Senior Management and over 200 Engineers trained on the iRMS module in February and March 2023 (ii) Wide Area Network and Internet Upgrade has been done for Head Office and the Regions (iii) 411 No. users cumulatively have been provided VPN access (iv) Both Primary and Secondary Data center upgrades have been done and completed

2.2 Performance Outputs for Key Programmes/Projects/Activities

2.2.1 Road 10,000 Programme

The Authority continues to implement Roads 10,000 programme which is one of the most ambitious road programmes since independence. Out of the 10,000Km under the programme the Authority was allocated 8,000Km and has so far achieved 5,108Km. The programme is being implemented using Low Volume Seal methodology.

As at 30th June, 2023, a total of 220 road projects, with a total length of approximately 8,699.7Km, had been awarded and are ongoing in 45 Counties with a total construction cost of approximately Kshs. 400Billion. Tabulated below is a national summary of all projects under the programme in various implementation levels:

2.2.1.1 Progress Summary

Table 3: LVSR National Summary

OVERALL SUMMARY				
DETAILS	No.	Scope (Km)	Contract Cost (KShs.)	Tarmac to date (km)
Projects Under Performance Based Routine (PBRM) Contracts	37	1,735	77,410,791,916	1,734
Projects Under Defects Liability Period	26	932	44,436,960,430	926
Sub-Total 1 (substantially Completed Projects)	63	2,667	121,847,752,346	2,660
Ongoing Projects	157	6,033	277,989,557,748	2,448
Grand Total for R10,000 (LVSR) Programme	220	8,700	399,837,310,095	5,108



Completed Section of Lamuria-Ngobit-Withare-JNC B5(Solo-Lamuria and JNC B5 (Gatemu)-Ngobit Girls High School-Kijara Primary School Roads in Laikipia County.



Ongoing Construction of Zambezi-Kiambaa-Gwa Gichini Road project in Kiambu County



Ongoing Construction of Ngecha-Kanjeru Road project in Kiambu County

2.2.2 Conventionally constructed Projects

During the year, the Authority implemented Five (5) No. Road projects. The total kilometers of roads upgraded to bitumen standard during the financial year was 16.6 Km against a target of 22.12 Km. No new roads were procured under Conventional Construction approach during the financial year. The underperformance of conventional construction projects was due to inadequate exchequer releases.

2.2.3 Construction of Drainage Structures

During the year under review, the Authority constructed a total of 26No. major drainage structures (bridges and box culverts).



Sigiri Bridge in Busia County facilitating connectivity

2.2.4 Road Maintenance and Spot Improvement Projects

Road maintenance is essential to keep the existing road in good condition. It plays a vital role in sustaining the life span of roads to their designed levels of service, protecting the road asset, optimising the returns on investment and ensuring minimum disruptions to road users.

2.2.4.1 Roads Maintenance Levy Funded Projects

Road Agencies receive financing for road maintenance every year from the Road Maintenance Levy Fund (RMLF) managed by the Kenya Roads Board. The Authority prepares and implements road maintenance work plans based on funding ceilings advised by the Kenya Roads Board and an allocation from the Cabinet Secretary. It is apportioned as follows:

- 22% RMLF Constituency roads;
- 10% RMLF critical link roads; and
- 10% Emergency Interventions.

The planned targets versus achievements by the Authority under the various RMLF allocations in the year under review are summarized in the following table:

Table 4: Roads Maintenance Levy Funded Projects

Funding Source	Planned Km	Planned Funding (Kshs'000)	Km Achieved	Expenditure (Kshs'000)
22% RMLF Constituency roads	16,212	11,347,968	13,047	8,210,263
10% RMLF critical link roads	6,854	5,379,434	5,321	3,647,667
10% Emergency Interventions	2,967	9,534,796	5,349	10,140,170
Appropriation in Aid	2,904	2,100,000	2,109	2,100,000
Total	28,937	30,262,198	25,829	24,090,482

NOTES:

- Planned funding for 22% RMLF Constituency roads Allocation comprises regular and carried over funds
- Planned funding for 10% RMLF critical link roads Allocation comprises regular and carried over funds
- Planned Km and Achieved Km emanate from Class C roads and other roads as proposed and ratified by the respective Constituency Roads Committees. Where roads proposed by the CRCs are not part of KeRRA's road network, the Authority has obtained no objections and/or Memorandums of Understanding from the respective County Governments to promote synergy between the two entities.

2.2.4.2 Exchequer Funded Projects

The Authority received Exchequer funds of Kshs.15.49Billion for Routine Maintenance projects . From the funding received, the Authority managed to achieve 7,971Km. The achievements of the Authority against funding under the above programme is summarized in the following Table 5:

Table 5: Achievements of the Authority against Planned Exchequer Funds for Road Maintenance

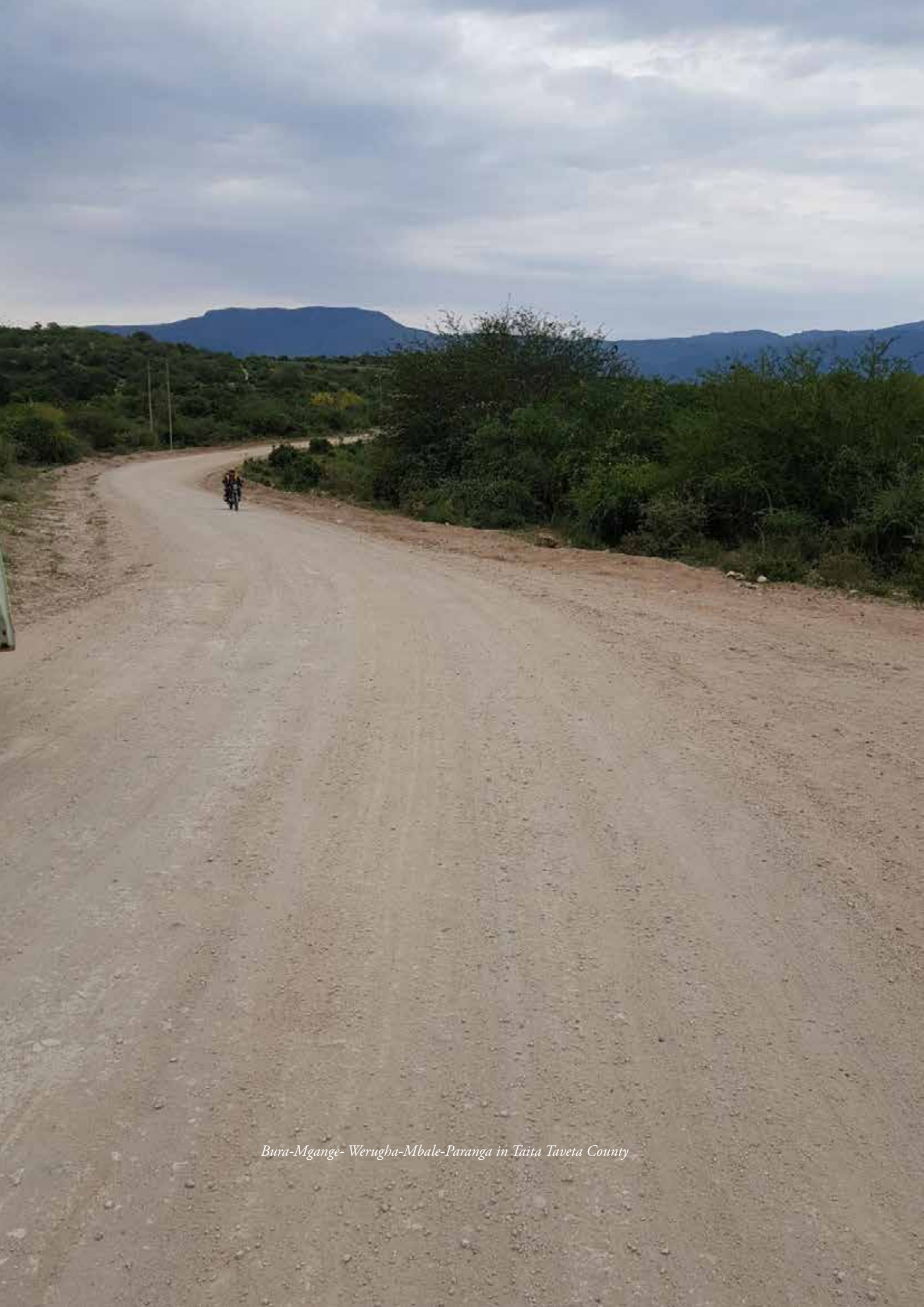
Programme	Planned Km	Planned Funding (Kshs'000)	Km Achieved	Expenditure (Kshs'000)
GOK Funded Routine Maintenance	10,472	15,486,552	7,971	13,225,378

NOTES

Km Achieved comprises of works implemented with regular funds and works implemented with carried over funds during the year under review

2.2.5 Periodic Maintenance

The Authority is also involved in Periodic Maintenance of roads all over the country to reinstate the initial service levels of the asset and preserve structural integrity of unpaved roads. During the year under review, the Authority maintained 159Km.



Bura-Mgange- Werugha-Mbale-Paranga in Taita Taveta County

2.2.6 Reconstruction and Rehabilitation

The Authority is also involved in the rehabilitation and reconstruction of roads all over the country with an aim of reinstating parts of deteriorated sections to their initial service levels. During the year under review, the Authority rehabilitated 57Km.



Ongoing Construction of Mercy Njeri Junction B5 Mangu junction D317

2.2.7 Public Private Partnership (PPP)

Public Private Partnership (PPP) is a long-term contract between a private party and government entity, to provide a public asset or service, where the private party is entitled to bear significant risks and management responsibility, and payments accruing to performance levels. The main aim is to promote private sector efficiency in asset creation and service delivery hence achieving value for money through provision of public services, and infrastructure.

The private entity bears the full responsibility of designing, building, funding, rehabilitating, operating and maintenance of the project. An example of such project undertaken by KeRRA is the Ngong-Kiserian – Isinya and Kajiado - Imaroro Road which was upgraded to bitumen standard under PPP through a contractor facilitated road development mechanism. The total project road is 92Km and the construction phase was completed on October 2020.

The Project is now in the 8-year Operation and Maintenance (OandM) phase starting from 1st November 2020 which will end on 20th May 2028. During this period, the Service Provider has maintained the road to the standards set out in the Contract. This includes; constant monitoring and rectification of defects such as roughness of the road, rutting, edge deterioration, cleanliness, traffic calming measures, road markings, traffic signs, safety measures, guardrails, potholes, drainage and conducting surveys.

The Service Provider has, as a part of their OandM activities, commenced round the clock patrolling / surveillance activities on the road reserve to prevent any encroachment, ensuring smooth traffic operations and management of accidents / incidents with the aid of emergency contact numbers displayed along the project corridor for the road users to report any accidents or incidents.

2.2.8 The Roads 2000 Projects

2.2.8.1 Roads 2000 Strategy

The Roads 2000 Strategy is a road maintenance and management approach that optimizes mixed use of labour and equipment by utilization of locally available resources. The Authority has continued to implement the Road 2000 Maintenance Strategy whose main goal is to improve accessibility in rural areas.

The key objective of the strategy is;

- i) To provide quality access to agricultural areas and to markets and reduce transportation costs for the majority of Kenyans through improvement and maintenance of low volume traffic roads hence alleviating poverty through these intervention measures,
- ii) To create employment to the local community through labour-based methods and thus increase household incomes among local communities in targeted intervention areas,
- iii) Ensure optimum utilization of locally available resources where technically and economically feasible, and
- iv) Enhance skills and capacity building to local contractors through training to use innovative techniques in road maintenance works.

The Strategy is currently financed by GoK and Development Partners (EU, AfD and KfW). In the most recent past AFD and KfW have successfully co-financed implementation of various rural programmes as follows;

- i) AFD under the Central Kenya Rural Roads Improvement and Maintenance Project, improved 143.8Km and 607.8Km to Low Volume Seal (LVS) and gravel standard respectively in the counties of Kiambu, Murang'a, Kirinyaga, Nyeri, Nyandarua and Laikipia. The programme was successfully completed.
- ii) KfW under the Improvement of Rural Roads and Market Infrastructure in Western Kenya Project co-financed rehabilitation to gravel standard of 281 Km in the Counties of Vihiga, Kakamega, Bungoma, Siaya and Busia.

AFD and KfW in conjunction with the Government of Kenya has initiated new rural rural roads projects as detailed below.



A truck carrying logs ready for weighing along Ekerenyo – Nyamaiya Road

2.2.8.1.1 European Union Rural Roads Programme

The Authority is currently undertaking the upgrading of approximately 100 Km of Rural Roads in the Eastern Region of Kenya under five Works Contracts in the regions of Embu, Meru, Tharaka Nithi, Makueni, and Machakos Counties. Part of the funds (69%) are being provided by the European Union under the 10th European Development Fund (EDF) Rural Roads Component in Kenya with the balance of the funds (31%) being provided by the Government of Kenya.

The overall objective of the project is to support the Kenya's Government's efforts to improve rural transport infrastructure through the Roads 2000 Maintenance Strategy which is a key component of the economic recovery effort. The Low Volume Seal Roads programme under the EU is nearing completion. To date a total of 68 Km has been upgraded to LVS standard.

2.2.8.1.2 ASAL Rural Roads Project

The AFD in conjunction with EU is co-financing the construction of climate-proofed rural roads infrastructure in some selected ASAL regions of Laikipia, Meru, Tharaka Nithi, Isiolo, Samburu and Marsabit. The Financing Agreement was signed in October 2020. The total financial outlay is 110 Million Euro comprising of 60 Million Euro as Credit, 30 Million Euro as Grant and 20 Million Euro as GoK counterpart funding.

The Feasibility Study, completed in October 2018, had estimated upgrading of approximately 139Km of roads to Low Volume Seal and improvement of 1,035 Km of roads to gravel standards. However, due to a time lapse of over 5 years, there has been an increase in consultancy and construction costs which has consequently led to reduced target roads to be upgraded. The roads to be currently upgraded are 106Km to low volume seal standard and 725Km to gravel standard.

The specific objective of the project is;

- 1) Ensure the communities in the ASAL secure access to local socio-economic services so as to increase their resilience to drought and other effects of climate change including improved food security
- 2) Stimulate investment and growth, lower the cost of doing business, improve security and stability of the region, and
- 3) Promote the integration of the ASALs with the rest of the country and the wider region.

Other objectives of the project are; -

- i) To contribute to increased rural employment directly through the use of labour-based methods in road works and indirectly through accelerated agricultural growth;
- ii) To ensure physical and financial sustainability of the County Road networks;
- iii) To strengthen technical capacities to staff in the target counties through training and capacity building;
- iv) To enhance private sector participation and develop their capacity in road maintenance works, in labour-based techniques.

The Authority has procured a Management Support Consultant and two (2) Design and Supervision Consultants who will support KeRRA in the overall management of the programme and in the implementation of the works contracts.

2.2.8.1.3 KfW Phase II Programme

The KfW has financed a Phase II Rural Roads Programme in Western Kenya with a Credit valued at Euro 17Million and a Grant of Euro 1.2Million. The GoK counterpart funding in this Programme is Ksh. 225Million. The Financing Agreement was signed on 9th March 2022 and the Programme targets rural roads in Vihiga, Kakamega and Trans Nzoia Counties. The length of roads proposed to be improved under low volume seal roads totals 30Km with an additional 80Km to be constructed to gravel standard.

The procurement of Project Management Consultants (PMC) is ongoing. The works contracts are expected to commence in FY2024/2025.

2.2.9 Road Safety Mainstreaming

Road safety mainstreaming is a multi-sectoral approach to ensure that road safety issues are made an integral part of all Government programmes. The Authority is required to actively engage in developing projects and executing activities that contribute to the prevention and management of road traffic injuries and fatalities in Kenya. The overall goal is to substantially reduce the burden and severity of road crashes in the country. The National Transport and Safety Authority (NTSA) provides guidelines on activities to be undertaken by various Government Ministries, Departments and Agencies on matters of road safety.

The Authority undertook the following road safety mainstreaming activities during the 2022/2023 FY in compliance with NTSA guidelines;

- i) Sensitization on anti-drunk/drug driving, seatbelt wearing, fatigue management in 15 KeRRA Regions namely Nakuru, Narok, Kajiado, Embu, Meru, Tharaka Nithi, Kirinyaga, Baringo, Uasin Gishu, Elgeyo Marakwet, Kisumu, Kakamega, Vihiga, Nandi and Mombasa.
- ii) Undertook road safety and traffic management audits along ten roads.
- iii) Participated in road safety events organized by NTSA among them the World Day of Remembrance for road traffic victims and in the 7th UN Global Road Safety Week
- iv) Trained drivers in defensive driving and customer care
- v) Undertook promotion of adequate demarcation, protection of road reserve and management road furniture in Busia, Samburu and Laikipia regions
- vi) Undertook Annual Motor Vehicle Inspection
- vii) Prepared report to NTSA on Non-Compliance on road safety



KeRRA exhibiting at Milimani Law Courts on Road Safety



KeRRA's participation in the 7th UN Global Road Safety Week 2023

2.2.10 Project Management and Quality Assurance

The Authority implemented measures to strengthen project management and guarantee compliance with relevant standards, policies, rules and regulations that promote effective management of road projects. Project life cycle audits were undertaken to ensure that designs and construction were consistent with the required standards and to assure value for money.

Monitoring and evaluation of projects was undertaken as well as project risks management.

2.2.11 Audits

The Annual Audit Work Plan was prepared and implemented to monitor the efficiency and effectiveness of the operations, processes and procedures within the Authority. During the year, the Authority;

- i) Undertook routine audits, management requests and follow-up audits
- ii) Carried out Governance and Information Systems Audit
- iii) Undertook External Quality Assessment of Audit services
- iv) Carried out Corruption Risk Assessment

The Office of the Auditor General and Kenya Roads Board also undertook audits to ensure that systems were in place, value for money and that maintenance interventions were technically sound.

2.2.12 Monitoring and Evaluation

The Authority undertook Monitoring and Evaluation (M&E) of ongoing road projects to ensure that the desired results were achieved. The exercise provided feedback on the effectiveness of project design and implementation strategies. The lessons learnt were documented and utilized to improve project planning and implementation.

During the year, monitoring and evaluation was undertaken on on-going development projects using monthly progress reports. The Monitoring and Evaluation exercise focused on gathering evidence of progress made in the implementation of the projects against the planned targets and documentation of the results, challenges and risks associated with the projects. This was useful in promoting good governance in project implementation, generating knowledge and lessons learnt, and ensuring public accountability in resource utilization to guarantee the achievement of project objectives.

2.2.13 Risk Management

During the year, the Authority engaged a consultant to develop an enterprise risk management framework that will outline the corporate risk profile. This will inform the risk management guidelines and ensure mechanisms are in place to monitor and report on corporate risks. Thus, enabling the Authority to deliver its mandate effectively.

In addition, the Authority continued to monitor existing and emerging project risks and adopted measures to mitigate them as appropriate.

2.2.14 Environmental and Social Sustainability

The Authority recognizes the importance of environmental and social sustainability in its operations. In line with this, it gave focus to protection of flora and fauna, climate change mitigation and adaptation, mitigation against environmental degradation and enhancement of societal needs.

To achieve this commitment, the following key activities were undertaken during the year: -

- a) **Mitigation measures against Water, Air, Noise and other forms of Pollution**
 - i) Environmental and Social Impact Assessment (ESIA) Studies were finalised and submitted to NEMA for 39No. Projects;
 - ii) The Authority continued to monitor compliance to the Environmental and Social Management Plans and EIA Licence conditions for the various projects under implementation, and corrective measures were put in place whenever a non-conformity was noted;
 - iii) 5No. Environmental and Social Audits (ESA) were undertaken to check compliance to environmental and social safeguard requirements.

- b) **Promotion of Environmental Protection and Conservation through Stakeholder Partnerships**

The Authority sponsored and participated in the Annual Environmental Conference on 24th – 25th November, 2022 in Nairobi, the World Wetlands Day (WWD) 2023 National Commemoration on 2nd February 2023 in Narok County, and the World Environment Day (WED) National Commemoration on 5th June, 2023 in Nakuru County.

Further, as part of the Authority's efforts to mainstream Environmental and Social Sustainability, awareness trainings were conducted for Staff both from the Headquarters and the 47 KeRRA Regions.

c) Tree Growing Initiatives

The Authority through a Framework for Collaboration with the Kenya Forest Service (KFS) was allocated five (5) hectares of degraded forest site in Murinduko Hill under Njukini West Forest Station in Kirinyaga County for adoption and rehabilitation. A total of 10,000 tree seedlings were planted and are being nurtured through the Framework. Further, 16,104 tree seedlings were planted across the various KeRRA Regions making a total of 26,104 trees.

The above initiatives are aimed at enhancing the Authority's efforts to manage biodiversity, ensure sustainable waste management and in the long run minimize the institution's negative environmental footprint.



Principal Secretary for Roads Eng. Joseph Mbugua launching the adoption and rehabilitation of 5Ha in the Murinduko Hill, Njukini Forest Station in Kirinyaga County under a three-year KeRRA/KFS Collaboration Framework.

2.2.15 Access to Government Procurement Opportunities (AGPO)

Public Procurement and Asset Disposal Amendment Regulations 2013 (amended in 2020) requires that all public procurement entities should set aside at least 30 per cent of their procurement spending for purposes of procuring goods, assets, works and services from micro and small enterprises owned by youth, women and persons living with disabilities (PWDs). The scheme aims at empowering youth, women and PWDs by linking them with Access to Government Procurement Opportunities (AGPO).

During the year under review, the Authority awarded Kshs. 5,659,487,625.00 to special groups under AGPO (Youth, Women, and Persons living with Disabilities (PWDs)) as per the Public Procurement Circular No.1/2014. The distribution is as in the table below:

Table 6: Distribution of Access to Government Procurement Opportunities to Special Categories

Special Group	Value (Ksh)	Allocation (%)
Persons with Disabilities (PWD)	1,286,286,983	23
Women	2,077,632,484	37
Youth	2,260,732,380	40
TOTAL	5,624,651,847	100



Sensitization and Training of Youth, Women and Persons Living with Disability (PWDs) on 30% AGPO-access to Government Procurement Opportunities at Tom Mboya Labour College, Kisumu County

2.2.16 Management of Public Complaints/Information Requests

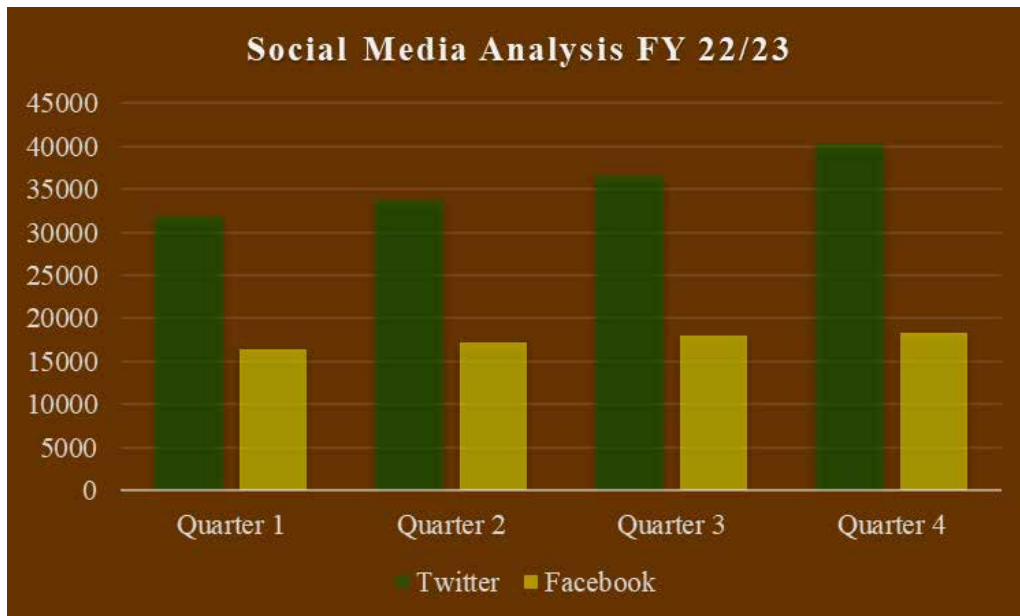
Stakeholder feedback underpins our approach to planning for roadworks and informs the implementation of our programs. To this extent the Authority has endeavored to process stakeholder feedback effectively and adequately as per the guidelines on management of public complaints and inquiries.

The Authority filed quarterly returns on handling of complaints and information requests to the Commission on Administrative Justice (CAJ), who rated our performance at 97% (Excellent) for the year under review.

2.2.17 Analysis of KeRRA Social Media Usage for Financial Year 2022/2023

In the fast-paced world of technology, the Authority has Social Media presence on Twitter and Facebook. The Authority's social media presence during Financial Year 2022/2023 has been instrumental in enhancing brand visibility and engagement with stakeholders. This is attestable by the high volume of users and frequency of interactions with stakeholders in the two platforms. The platforms facilitate collection feedback, monitoring of trends and gathering of information for future planning and service delivery improvement.

An analysis of social media growth in FY2022/23 is tabulated below;



As projected in the graph, the Authority has registered constant growth in our social media presence which has enhanced stakeholder engagement and brand visibility.


2.2.18 Corporate Social Responsibility (CSR) Activities Conducted in FY 2022/23

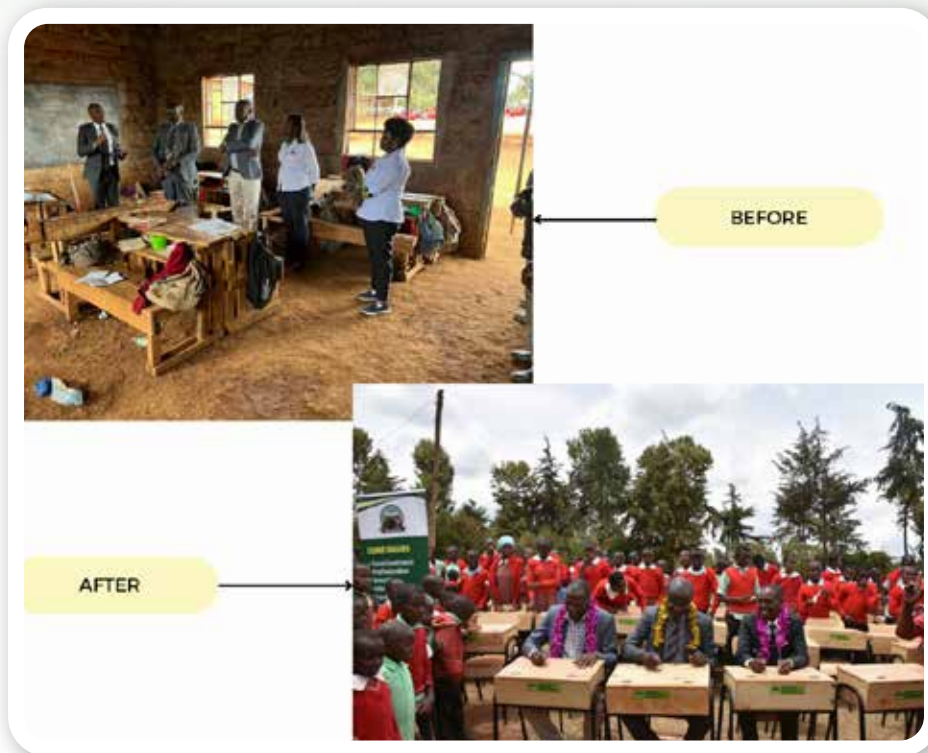
The Authority is committed to supporting community projects through Corporate Social Responsibility (CSR) Initiatives.

Details of the CSR activities undertaken in the reporting period is as tabulated below:

Table 7: CSR Activities for the FY 2022/2023

NO.	PROJECT NAME	PARTICIPANTS/SCOPE	DETAILS	LOCATION	DATE
1.	The Kenya Communication Sports Organization (KECOSO)	<p>KeRRA staff, government ministries and other parastatals participated</p> 	KeRRA HQ in liaison with the ministry	Kericho County	Sep, 2022
2.	Dorothea Rescue Centre	<p>PAC department and a team of Staff Golfers participated</p> 	Request to support educational needs of street children	Machakos County	Dec, 2022

NO.	PROJECT NAME	PARTICIPANTS/SCOPE	DETAILS	LOCATION	DATE
3.	Kimalel Goat Auction	<p>CSR Committee members represented the Authority, public, and other agencies supporting the cause</p>  <p>Kenya Rural Roads Authority (KeRRA) @KeRRA_KE</p> <p>KeRRA Director General Eng. Philemon Kandie engages with stakeholders and presents a cheque during the Baringo Cultural Fair in Kimilil.</p> <p>#stakeholderengagement #communitysupport</p> <p>12:52 · 22/12/2022 from Earth · 2,228 Views</p>	Request for sponsorship	Baringo County	Dec, 2022
4.	National Council for Persons with Disabilities	KeRRA staff and other agencies supporting the programme	<ul style="list-style-type: none"> -Adopt a special School initiative -Nyamosense Primary Special School in Migori county was adopted -Ablution block was built 	Nairobi County	Jan, 2023



Presentation of desks and chairs to Enderasha Primary School Fraternity in Nyeri County as part of the Authority's CSR commitments on March 15th 2023 (Donated desks).



KeRRA staff from HQ and Nairobi Region participating in the Annual Mater Heart Run at Ulinzi Sports Complex along Langata Road on June 3rd 2023.

2.2.19 Enterprise Resource Planning (ERP) System Implementation and Other ICT Innovations

The Kenya National Digital Master Plan is a continuation of the aspirations of the Kenya Vision 2030, building on the pillars of the Kenya Digital Economy Blueprint, and re-focusing the country on the transformative trajectory towards a digital economy.

The Master Plan has four pillars that are responsible for the provision of digital services to citizens, businesses and other stakeholders: The pillars are; Digital Infrastructure, Digital Government Service, Digital Skills and Digital Innovation. The implementation of the Master Plan leverages on ICT to deliver more efficient information and public services by digitizing government records and digitalizing 5,000 government services.

Following successful development and implementation of Finance, Human Resource, Payroll, ICT, Procurement, Stores, Case Management and integrated Road Management System (i-RMS) modules (for major projects only); in the year under review, the Authority customized, developed and tested the i-RMS sub-module for planning, supervision and general project management of small works executed at the regional level. Additionally, two outward portals linked to the i-RMS have been developed and implemented; The e-service wayleave portal facilitating online wayleave applications and the Contractors' Hub which is an outward facing portal that facilitates efficient communication and sharing of project management documents between Contractors and Resident Engineers.

Further, the Authority customized, developed and tested a Visitors Management System to enhance efficiency in the process of handling Visitors at KeRRA Head office. The system is currently hosted on our Microsoft 365 platform in readiness for user training and roll-out.



KeRRA sensitization conference for contractors on the use of Enterprise Resource Planning System in line with Government directive on digitalization and automation of government services to improve efficiency in service delivery, 19th May 2023.

2.2.20 National Cohesion and Values

National cohesion and values are a central rallying ingredient and theme in the planning and execution of national policies, programs, projects and activities for effective service delivery as envisaged in Sessional Paper No.8 of 2013 on National Values and Principles of Governance. The Authority submitted to the Directorate of National Cohesion and Values by 15th January, 2023 measures taken and progress achieved in the realization of National Values and Principles of Governance.

The Authority undertook the following activities: -

- i) Fast tracked implementation of programmes, projects and activities for the realization of the “Big Four” Agenda, through provision of access by upgrading roads to bitumen standard, routine maintenance of roads, construction of bridges and use of local content in the procurement for goods and services produced locally.
- ii) Leveraged on and enhanced the use of Information and Communications Technology (ICT) and other innovations in service delivery.
- iii) Enhanced the capacity of public institutions and the public to adhere to the provisions of Article 10 of the Constitution through civic education, training and sensitization on national values and principles of governance. Under this commitment the Authority:
 - a) Carried out two group staff training programmes on the provisions of the Constitution on national values and principles of governance,
 - b) Trained members of 5 Constituency Roads Committees on national values and principles of governance,
 - c) Trained members of the committee on national values and principles of governance as trainers of trainers in respect of national values and principles of governance to enhance their capacity and
 - d) Allocated Kshs. 5M to enhance capacity of the Authority to adhere to national values and principles of governance within the Authority.
- iv) Continued enhancing the collaboration between the two levels of government through t:
 - a) Providing on request Technical Assistance to County Governments to prepare contract documentation and supervision; and
 - b) Sharing Work Plans with County Governments to avoid overlap/duplication of works.

Assessment of the Degree to which Performance Targets have been achieved

3.1 Performance Contract Achievements Financial Year 2022/2023

In accordance with the 19th Cycle Performance Contracting Guidelines, the Board signed an annual Performance Contract with the Government of Kenya represented by the Minister in charge of Roads and Transport; setting the performance targets for the financial year.

The setting of performance targets was done based on the Medium-Term Expenditure Framework, the Third Medium Term Plan (MTP III) and the Sector Performance Standards as guided by the 19th Cycle Performance Contracting Guidelines.

The Authority adopted the performance evaluation methodology shown in the table below as per the 19th Cycle Performance Contracting Guidelines.

Table 8: Evaluation methodology

Performance Grade	Criteria Value Range	Performance Evaluation Methodology
Excellent	$1.00 \leq X \leq 2.40$	130% - 200%
Very Good	$2.40 \leq X \leq 3.00$	100% - 130%
Good	$3.00 \leq X \leq 3.60$	70% - 100%
Fair	$3.60 \leq X \leq 4.00$	50% - 70%
Poor	$4.00 \leq X \leq 5.00$	0% - 50%

The annual performance targets were monitored on a quarterly basis and progress reports submitted to the Board for approval. The reports were then submitted to the Parent Ministry, State Corporations Advisory Committee and the National Treasury and Planning.

Below is Performance Contract Evaluations Comparative Analysis for the last twelve (13) financial years;

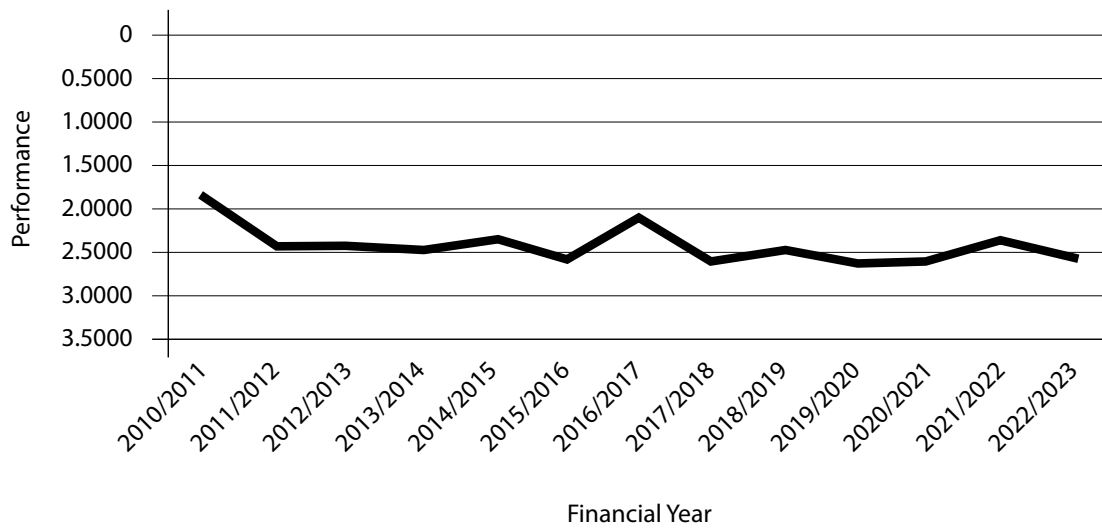
Table 9: Assessment of Performance Contract Evaluation Composite Score

Financial Year	Performance Contract Evaluation Composite Score	Performance
2010/2011	2.3843	Excellent
2011/2012	2.9442	Very Good

Financial Year	Performance Contract Evaluation Composite Score	Performance
2012/2013	2.9385	Very Good
2013/2014	2.9745	Very Good
2014/2015	2.8524	Very Good
2015/2016	3.0963*	Good
2016/2017	2.6123*	Very Good
2017/2018	3.1158	Good
2018/2019	2.9812	Very Good
2019/2020	3.1363	Good
2020/2021	3.1026	Good
2021/2022	2.8700	Very Good
2022/2023	3.1387	Good

Key: * Self-evaluation results for financial years where Ad-Hoc Evaluations have not been conducted

Performance Contract Evaluation Composite Score



The Authority remains committed to meeting its performance targets and improving service delivery as indicated in the progress matrix with the Key Result Areas.

3.2 Contribution of the Authority to the attainment of Kenya Vision 2030, Third Medium Term Plan (MTP III) 2018-2022, Sustainable Development Goals and Bottom-Up Economic Transformation Agenda

3.2.1 KeRRA's Role in Vision 2030

Kenya Rural Roads Authority is making remarkable steps in driving socio-economic development agenda of Kenya towards prosperity as anchored in the Vision 2030 blueprint. The Kenya Vision 2030 is a development blueprint, aiming to raise the average standard of living in Kenya to middle income by 2030. The Vision provides three (3) key pillars namely: Social, Economic and Political Pillar which are anchored upon six foundational development tenets, Infrastructure; Science, Technology and Innovation; Land reforms; Human Resource Development; Security; and Public Service Reforms. The Authority derives its sole mandate in the infrastructural development foundation. The Vision 2030 aspire for a prosperous nation interconnected through modern road networks, railways, ports, water, airport and telecommunications leaving no part of the country as “remote”. In full alignment with the requirement of the Vision 2030 Development Blueprint, the Authority is resiliently working to provide cost-effective and world-class infrastructural rural roads connectivity within 47 counties. The Authority is instrumental in developing, and maintaining an integrated, safe and efficient rural road networks countrywide. As a result, unlocking the efficient supply chain of raw agricultural products, improving the livelihoods of citizens, farmers, traders and firms in their wealth-creation efforts, and employments pursuits in both informal and formal sector.

The Authority through its Motto “Connecting Devolved Kenya” is enhancing digital corridor access and traceability into remote rural areas countrywide. The Authority is committed to open up wider access to resources and services to improve mobility, and free movement of goods and services in rural areas thereby boosting local trade and food security. The Authority is enhancing optimal utilization of local resources by opening rural corridors thereby triggering high volumes of primary products in the economy.

Vision 2030 mainstreams gender equity in all aspects of society. It outlines that gender equity shall be addressed by making fundamental changes in four key areas, namely: opportunity; empowerment; capabilities; and vulnerabilities. Women are disadvantaged in accessing labour markets and productive resources. Given that women play a critical role in the socio-economic development of any nation, there is an urgent need to remove all obstacles that hinder their contribution to national development. In support of the government development Blueprint Vision 2030 on Gender Equity, the Authority adopted strong mechanisms to strike a balance in gender disparities. The Authority is excelling in providing equal opportunities to all female and male employees in recruitment process, promotion and fair representation at top decision-making levels. The Authority also excels in trainings and empowerment of its Staff against Gender Based Violence.

3.2.2 The Third Medium Term Plan (MTP III) 2018-2022

The theme of MTP III is “*Transforming Lives: Advancing Socioeconomic Development through the ‘Big Four’*”. The aim of the MTP III is to move the economy towards a high growth trajectory to achieve a 7 percent economic growth rate by the end of the plan period. MTP III builds on gains made so far in key sectors of the economy including completing projects initiated during MTP II.

MTP III focuses not only at increasing the level of investment but also enhancing the productivity of investment, as well as raising productivity in all sectors of the economy. In particular, MTP III aims at effecting structural changes towards increasing the shares of the manufacturing, industrial and exporting sectors in the economy. MTP III accords priority to development of Micro, Small and Medium Enterprises (MSME) sector of Kenya's economy and outlines measures to support the sector's growth. MTP III accords priority to enhancing and developing foundations for economic transformation and enablers such as infrastructure, public sector reforms, science, technology and innovation and Information Communication Technology (ICT).

3.2.2.1 KeRRA's role in implementation of the Third Medium Term Plan (MTP III)

KeRRA will seek to provide an enabling environment for the realization of MTP III through the following:

- i) Develop, maintain and rehabilitate National Secondary Trunk Roads to ease access to resources and services thereby improving the living standards of Kenyans.
- ii) Provide technical support to County Governments on road management
- iii) Support take-off of industrialisation in the rural areas.
- iv) Optimize financial, human and technological resources to provide quality infrastructure.
- v) Distribute National Secondary Trunk Roads development in a manner that promotes social equity.
- vi) Capacity building for efficient and effective planning, contracting and construction of infrastructure.
- vii) Enhance Road Safety
- viii) Reduction of road user costs, travel times and vehicle operating costs

3.2.3 KeRRA's Role in Bottom-Up Economic Transformational Agenda (BETA)

The Authority continues to implement the Government Development Agenda, "Bottom-Up Economic Transformational Agenda (BETA)" which is anchored on six major pillars: Agriculture, Micro, and Small Medium Enterprise, Housing and Settlement, Healthcare, Creative Economy and Digital Superhighway and Climate Change and Environment Conservation. The Authority is undertaking the following activities in spearheading Bottom-Up Economic Transformational Agenda.

3.2.3.1 Agriculture

Agriculture is the backbone of Kenya's economy contributing 33% to the GDP. Agriculture plays a significant role not only in economic growth but also improving the livelihoods of citizens. Agricultural sector accounts for the 18% of the formal employments. In spite of this significant role, agricultural is plagued with myriad challenges including dilapidated road networks. KeRRA is committed to leverage the agricultural sector by facilitating last mile connectivity from the farms to the market sectors which eventually will ease the free movement of agricultural products and services. It will significantly enhance trade and employment creation in local villages' thereby boosting food security and improving the living standards of Kenyan Citizens.

3.2.3.2 Healthcare

The Constitution 2010 provides all citizens the right to quality healthcare. The goal of achieving quality healthcare is well captured in the Sustainable Development Goals, Vision 2030 and the Kenya Healthcare Policy. In the Bottom-Up Economic Plan, Healthcare was adopted as major government priority since it seeks to improve the livelihoods of Kenyan Citizens by strengthening affordable healthcare system.

The healthcare policy intends to expand the healthcare services coverage to all citizens. To achieve the agenda, there is need to improve accessibility to all hospitals by building modern road networks. The Authority is committed to ensure all rural roads within its jurisdiction connecting local health centres are constructed and maintained to support the quality healthcare by improving roads into the hospitals.

3.2.3.3 Affordable Housing and Settlement.

Inadequate housing and high growth of informal settlements remain a challenge in Kenya. Statics projections reveals 34% of Kenyan population will be residing in urban areas by 2030 yet Kenya continue to have a deficit of 200, 000 houses yearly. Due to increased demand of affordable houses, the government is convinced on the prioritization of Affordable housing as a key driver to socioeconomic transformation. The Bottom-Up Economic Model Approach is intended to upscale the life of informal dwellers through investment in affordable housing. In support of the Kenya Kwanza transformational Agenda, KeRRA intends to provide easier accessibility through roads leading to all affordable housing residential areas. It is committed to comply with the requirements of the National Development Fund.

3.2.3.4 Micro, and Small Medium Enterprise.

The Bottom-Up Economic Transformation Agenda is driven by the national statistical data which shows that only 15% of the national workforce are engaged in the formal employment while the majority close to 85% are employed in informal sector under Micro, Small, and Medium Enterprise. Kenya Industrial Estate was established to finance and support the growth of local small industries and enterprises. Kenya Rural Roads Authority is committed to provide a conducive business environment to hustlers by improving the road infrastructural developments connecting the local entrepreneurs and industries to ease their trading exhibitions and profit-making pursuits.

3.2.3.5 Digital Superhighway and Creative Economy.

The tremendous contribution of ICT to the national development is well anchored in the Vision 2030 as a powerhouse to stimulate socioeconomic transformation. The Kenya Digital Master Plan 2022-2032 outlines top-tech drivers to digital transformation. In support of creating digital superhighway and creative economy, the Authority is committed to create a modern interconnected, technologically advanced workspace.

As at 30th June, 2023, the implementation progress of Enterprise Resource Planning had rolled out the following modules: Finance; Human Resource; Payroll; Procurement Stores; ICT; Case Management; Electronic Document Management Module; and the integrated Road Management module. The Authority successfully trained most staff on ERP system and currently conducting ERP training for contractors to equip them with the modern dynamic IT skills in the digital tech platform. The implementation of the Enterprise Resource Planning System is intended to improve the efficiency in operational duties and streamline business processes of the Authority in order to acclimatize with the modern digital tech savvy world. Joanne

3.2.3.6 Climate Change and Environment Conservation

Climate Change poses detrimental threats to the human life sparking contentious debate yearly on proper mitigation measures. All nations worldwide agreed to “pursue efforts” to limit global temperature rises to 1.5C under the 2015 Paris Agreement. In the upcoming COP28, it is time to jumpstart full energy transition, speed up the growth of renewables, and phase out fossil fuels. All nations are driven

towards single transformative agenda against climatic change menace. Kenya renewable energy usage stands at 92% out of the 100% goal by 2030. The investments in renewable energy will not only provide sustainable environment and access to clean energy but also create lucrative jobs, pull foreign investment and insulate economies against volatile oil prices.

The Authority is committed to support the National Tree Growing Restoration Campaign of growing 15 billion trees through restoration of 10.6 million hectares by 2032 and the Global call for action to halt and reverse deforestation and land degradation. This commitment will not only contribute to the increment in forest and tree cover but also in the restoration of ecological integrity and functioning of ecosystems, strengthening communities' resilience to climate change, supporting sustainable supply of environmental products and services, establishment of nature-based enterprises in the rural areas, catalyzing tree growing culture among Kenyans for livelihoods support and increasing access to climate finance through carbon trading.

KeRRA has planned to support the government's commitment through growing of trees at approved designated forests and marine ecosystems. This is towards supporting the country in achieving the global climate goal of zero carbon emissions by 2050.

3.2.4 Role of KeRRA in the Sustainable Development Goals

The Government of Kenya is committed to the attainment of the United Nations Sustainable Developments Goals (SDGs). There are a total of 17 SDGs which aim to enhance the quality of life of the world's citizens. Each goal has a specific target to be achieved over the next 15 years. KeRRA will contribute to the realisation of the following SDGs as indicated in Table below: -

Table 10: Role of KeRRA in realisation of SDGs

No.	Sustainable Development Goals	Role of KeRRA
Goal No. 1:	End poverty in all its forms everywhere	<ul style="list-style-type: none"> Job creation through road construction and maintenance Facilitate access to resources and services hence spurring socioeconomic development
Goal No. 2:	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	<ul style="list-style-type: none"> Construct and maintain Secondary National Trunk Roads to enable production and distribution of food.
Goal No. 3:	Ensure healthy lives and promote well-being for all at all	<ul style="list-style-type: none"> Providing access to health facilities Development and maintenance of non-motorized facilities to enhance road safety and promote healthy lifestyles
Goal No. 4:	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	<ul style="list-style-type: none"> Providing access to educational facilities Provide linkage between learning institutions and the industry
Goal No. 5:	Achieve Gender Equality and Empower All Women and Girls	<ul style="list-style-type: none"> Ensure that KeRRA is an equal opportunity employer. Implement fully gender mainstreaming policies for the road-sub sector to achieve gender parity

No.	Sustainable Development Goals	Role of KeRRA
Goal No. 6:	Water and Sanitation	<ul style="list-style-type: none"> • Upgrading of the rural roads to bitumen standards and construction and maintenance of drainage systems. • Rehabilitate borrow pits
Goal No. 8:	Promote Sustained, Inclusive and Sustainable Economic Growth, Full and Productive Employment and Decent Work for all.	<ul style="list-style-type: none"> • Promote R2000 strategy for job creation • Design and implement internship and training programs • Full implementation of Access to Government Procurement Opportunities (AGPO)
Goal No. 9:	Build Resilient Infrastructure; Promote Inclusive and Sustainable Industrialization and Foster Innovation.	<ul style="list-style-type: none"> • Adopt maintenance programs to sustain quality, reliable, and resilient infrastructure • Supporting research and innovation for cost effective building materials. • Reduce adverse impact of road construction on the environment. • Promote use of local construction materials.
Goal No. 10:	Reduced inequalities	<ul style="list-style-type: none"> • Adopt policies that promote equal and equitable opportunities for social, political and economic inclusion • Ensure efficient and safe mobility for people, goods, and services across the country
Goal No. 13:	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • Undertake environmental impact assessments and audits • Embracing innovative technologies that deal with climate change • Restoration of vegetation cover
Goal No. 14	Life below water	<ul style="list-style-type: none"> • Management of drainage systems is undertaken, there is less dust and damage to land and property and this will translate to better health for the people and fewer accidents resulting from surface run off.

Assessment of Adequacy of Roads Funding

4.1 Funding Sources

In the Year under review the Authority received Ksh (64.55) Billion from the various funding sources. Exchequer releases contributed Ksh 37.7 Billion, Road Maintenance Levy Fund Ksh 26.4 Billion while Development Partners Ksh 454.0 Millon.

Table 11: Funding sources

No.	Funding Source	Amount in Billion (Kshs)
1	GOK Development/Exchequer	37.7
2	Road Maintenance Levy Fund	26.4
3	Development Partners	0.454
Total		64.55

The Authority in the period under review received Kshs. 64.55 Billion against a resource requirement of Kshs. 155.6 Billion (KeRRA MTEF FY 2022/2023 unconstrained budget). This depicts an under funding estimated at Kshs.91 Billion. This has a resultant effect to the Authority's outstanding payables amounting to Kshs 55.0Billion in the year under review as compared to the previous period of ksh 40.02. Billion representing a growth of approximately 37.5% in pending bills.

4.2 Condition of the Road Network in the Country

Over the last ten years, the Government has invested heavily in road development and maintenance. This has resulted in an overall improvement of the road condition. The poor road network has declined from 59% to 37% (APRP 2022/2023).

4.3 Degree of Change

At the formation of the Authority in the Year 2009, a total of 2,680Km of road network had been paved; subsequently the Authority has upgraded a total of 7,490.74Km since inception to bitumen standard in various classes of roads equivalent to 535 Km annually.

4.4 Projected Optimal Level of the Road Network

The Authority has a total road network of 18,662Km out of which 10,170Km are paved. To achieve the projected optimal level of 18,662 Km, the Authority projects a future prospectus of upgrading 8,492 Km through the R10,000 Programme, conventional construction method and the R2000 LVSR. To achieve this projected optimal level of the road network the following assumptions will be made: -

- i) Revenue estimates from the exchequer and development partners will be realized and maintained.
- ii) The macro-economic and political environment will remain stable.
- iii) Stability in the monetary and fiscal policies will be maintained.
- iv) Stakeholders support to the Road Sector will continue.
- v) Kenya Roads Board will disburse funds in a timely manner
- vi) Conducive weather conditions will prevail.
- vii) The mandate of the various Road Agencies will remain the same.

4.5 Extent of Financing Required to meet optimal level

The Authority has a portfolio of contracted works amounting to 9,710Km. Completed works totals 5,285Km and therefore ongoing and planned works totals 4,425Km and 230 respectively. The bulk in extent of financing falls under the R10,000 low volume sealed roads Programme estimated at Kshs 244.5Billion for the contracted works totalling 8,699.72Kms. For the Programme, the revised contract sum works amounts to Kshs. 399.8Billion against payments to date totalling Kshs. 155.3Billion.

The optimal budget required to meet the optimal level of 18,662Kms through bridging the unpaved 8,492Km to paved standards is approximately Kshs. 424Billion. This should also be backed by routine maintenance to safeguard the investment on development at approximately Kshs. 40Billion annually.

A Review of Technical Adequacy and Proved Cost Efficiency of Road Management Operations

The Authority is currently implementing several strategies aimed at improving technical adequacy and cost efficiency which include but not limited to: -

- (i) Roads 10,000 Low Volume Seal contracting model and Roads 2000 labour-based technique. The models ensure that construction and subsequent maintenance works are procured at the same time.
- (ii) Leveraging on technical expertise from third parties for construction and maintenance works (contractor facilitated road development mechanism – PPP Annuity).
- (iii) Use of internal capacity during design of the road works and supervision of contracted works.
- (iv) Capacity building to improve skills and competencies
- (v) Adoption of technologies aimed at reducing operational costs such as use of networked printers, outsourcing of printing services, use of emails, use of IP telephony for internal communication and virtual meetings.
- (vi) Use of new survey technologies such as Global Navigation Satellite System (GNSS) which reduces time for field surveys and increases output
- (v) Implementation of Quality Management System for standard operating procedures and processes.
- (vii) Implementation of integrated Road Management System (i-RMS) for effective project management
- (viii) Implementation of E- Procurement Portal
- (ix) Implementation of a fully electronic procurement process where tender submission, evaluation and award is automated
- (x) Adoption of a risk-based approach where resources are focused on high-risk areas.
- (xi) Engagement of Development Partners to support technical adequacy for civil works consultancies and capacity building.

Coordination between Authorities and Regional Entities

The Authority has strong linkages with other Authorities and Regional Entities who have an interest in what the Authority does as it impacts them in one way or the other. It recognizes that these Authorities and Regional Entities can either facilitate or impede its work and therefore, there is need to build mutually beneficial relationships.

Table 12: A summary of the coordination is as shown in the Table below:

No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
Government Agencies				
1	National Land Commission (NLC)	Gazettement, valuation and compensation of land for land acquisition purposes	Delayed gazettement, valuation and compensation	NLC to fast track gazettement, valuation and compensation of PAPs
2	Kenya Power	Relocation of power lines	Delays in relocations High costs of relocations	Inter-Ministerial Meetings (RDCC)
3	National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA)	Public awareness on reduction of alcohol and drug abuse	Inadequate support from NACADA in proper guidance in mainstreaming interventions.	Increased collaboration with NACADA
4	National AIDs Control Council (NACC)	Prevention of new HIV infections and reduction of stigma	Lack of proper Mainstreaming activities within the road projects	Lobby for increased funding for HIV/ AIDs activities from NACC
5.	State Department of Gender and National Gender and Equality Commission	Commitment to integrate gender concerns into processes, programs and projects.	Being a compliance issue Management should ensure that the spelt our requirements are met	Increased commitment by employer to bridge the numbers continuously
6.	National Council for Persons with Disabilities (NCPWD)	The mainstreaming process aims to promote physical access as well as access to information and services with PWD's	Inadequate funding for implementation of NCPWD Audit recommendations as a compliance issue.	Employer to plan and allocate resources for infrastructure and physical improvement.

No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
7.	National Construction Authority	Capacity building, regulation and evaluation of contractors	Inadequate consultations with industry players	Enhanced collaboration with industry players
8.	Public Procurement Regulatory Authority (PPRA)	Capacity building and training of employees. Regulation of the public procurement and asset disposal system through monitoring and enforcement for socio economic development in Kenya.	1)Delays in procurement appeals review. 2) Minimum scope of capacity building and development of professionals	1)Enhanced efficient and effective procurement appeals review. 2) Enhanced collaboration with professionals. 3) Broaden the capacity building and development scope of professionals
9.	National Environment Management Authority (NEMA)	Issue EIA Licenses for road works	Delayed issuance of EIA Licenses as a result of delayed payment of Licence fees	Fast track payment of Licence fees to facilitate timely issuance of EIA Licenses
10.	County Governments	Collaboration as per the Inter-Governmental Relations Act	Lack of a coordinated framework for sharing of work-plans Demand for payment of Cess for construction materials	Sharing of work plans for road works Inter-Ministerial meetings to waive the charges
11.	National Government Constituency Development Fund (NG-CDF)	Engagement with Constituency Roads Committees (CRCs)	Frequent changes in the Annual Roads Works Programme (ARWP)	Prioritize road works as per the Public Finance Act, 2009
12.	Kenya Forest Service	Collaboration in Environmental Sustainability Programmes	Slow implementation of MOU for tree planting	Fast track implementation of the MOU between KeRRA and KFS
13.	Kenya Roads Board (KRB)	Approve Annual Road Works Programme (ARWP) Disbursement of RMLF allocations Undertake technical, performance and financial audits	Delay in disbursement of RMLF 10% allocation	Engage KRB to fast track disbursement of RMLF 10% allocation
14.	National Assembly and Senate	Legislation on Kenya Roads Bill 2017	Delay in enactment of the Kenya Roads Bill 2017	Fast track mediation process on the Kenya Roads Bill 2017

No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
15.	Ministries, Departments and Agencies (MDAs) National Treasury Ministry of Interior and National Coordination SDOR	Policy guidelines Approval of budgets, work-plans Disbursement of funds	Delay in disbursement of funds Delay in approval of budgets, work-plans	Engage the Ministry to fast track disbursement of funds Engage respective MDAs to fast track approval of budgets and work-plans
16.	Research Institutions	Research in Road Development and Maintenance, Financing Options, Road Development Technologies, Material Testing and Research	Inadequate Budget, Inadequate Research and development	Increased investment in Research and Development, Enhanced budgets
17.	Kenya Institute of Highways Building Technology	Training for In-house staff Training of contractors	Inadequate budget	Enhanced budget
18.	Ministry of Lands	Cadastral Plans	Lack of cadastral plans in areas where adjudication and registration has not been finalized	Liaise with the Ministry in those areas for a proposal on road reserves
Development Partners				
	1)NON - Arab Bank for Economic Development in Africa (BADEA) 2)KfW Development Bank 3)AFD- Agence' Française de Development' 4)African Development Bank 5)World bank 6)European Union	Issuance of "No Objections" Disbursement of funds	Delay in disbursement of funds Delay in issuance of "No Objections"	Engage respective development partners to fast track disbursement of funds Engage respective development partners for timely issuance of "No Objections"



KeRRA football team participating in the KECOSO games as part of the Ministry HQ team playing against Commission Authority Talanta FC in Kericho County on September 22nd 2022.

Degree of realisation of the objectives of the Kenya Roads Act 2007 and levels of compliance

7.1 Degree of realisation of the objectives of the Kenya Roads Act 2007

The Kenya Road Act 2007 was enacted to streamline the Roads Sub sector and provided for the establishment of the three Road Authorities. The Kenya Rural Roads Authority was established under section 6 (1) of the Act and has continued to discharge its responsibility for the management, development, rehabilitation and maintenance of rural roads in accordance with the Act.

7.2 Level of Compliance with the Provisions of the Roads Act 2007

The Authority carries out its operations within the framework of the provisions of the Roads Act 2007. This is as illustrated below: -

Table 13: Level of Compliance with the provisions of the Roads Act 2007

ITEM NO.	PROVISION OF THE KENYA ROADS ACT, 2007	LEVEL OF COMPLIANCE
1.	Part I on the title, commencement and interpretation	<ul style="list-style-type: none"> The Authority continues to take note of the title and commencement date of the Act and further takes cognizance of the definitions attached to the key terms in part I of the Act.
2.	Part II on the Establishment of the various Roads Authorities	<ul style="list-style-type: none"> The Authority operates as a legal entity in the discharge of its functions. The composition of the Board of Directors is as per the provisions of the Act. The Board conducts its affairs and business as per the stipulations of the Act.
3.	Part III on the administration of the Authority	<ul style="list-style-type: none"> The internal administration of the Authority is as per the provisions of the Act. The members of the Board and the Director General have qualifications required of them under the Act. The staff of the Authority are appointed and remunerated as per the provisions of the Act. The Authority has established regional offices that operate as per the provisions of the Act.

ITEM NO.	PROVISION OF THE KENYA ROADS ACT, 2007	LEVEL OF COMPLIANCE
4.	Part IV on the powers of the Authorities generally	<ul style="list-style-type: none"> • The Authority exercises the powers conferred to it. This is taking cognizance of the purpose for which the organisation was set up. The exercise of the powers is on need basis.
5.	Part V on financial provisions	<p>The Authority manages its financial issues as per the provisions of the Act. This includes: -</p> <ul style="list-style-type: none"> • Recognizing and utilising the funds allocated to it. • Investing funds as per the legal guidelines. • Participation in preparation of Roads Sector Investment Programme. • Preparation of Annual Road work plans. • Preparation of Budgets for all financial years and abiding by them. • Submission of Annual work plans to the Kenya Roads Board. • Keeping of proper books of accounts and preparation of Annual Financial statements • Ensuring Audit of the financial statements by the Auditor-General. • Ensuring sound financial management of the Authority
6.	Part VI on Miscellaneous provisions	<p>The Authority abides by the miscellaneous provisions of the Act in the discharge of its mandate. This is in regard to: -</p> <ul style="list-style-type: none"> • Protection of employees from liability for bonafide acts done in the course of duty. • Performance agreement obligations. • Submission of Annual Report to the Cabinet Secretary. • Cabinet Secretary's power of direction. • Making of regulations. • Classification of roads. • Inventory of roads. • Structures and other works on, over and below roads. • Compliance with the provisions of the Roads Act 2007. • Confidentiality of information. • Offences under the Act. • Making of returns.

This report as compiled and submitted under section 44 of the Roads Act further attests to due compliance with the provisions of the Roads Act 2007.

Approved Annual Financial Statements

8.1 Annual Financial Statements

In compliance with the Public Financial Management (PFM) Act of 2012, Section 14 of the State Corporations Act and the Kenya Roads Act of 2007, the Authority prepared its annual financial statements for the Financial Year 2022/2023 in accordance with International Public Sector Accounting (IPSAS). This was delivered within the allotted time to the relevant statutory bodies.

8.2 Report by the Auditor General

In accordance with the Public Audit Act of 2003, the Authority submitted the financial statements for the FY 2022/2023 to the Office of the Auditor General, Kenya. The audit certificate is expected once the Auditor General completes the audit process and procedures.

Conclusion

The Authority continued to digitalize its services and embrace innovative means of improving operational efficiency. In the reporting period, the Authority's Enterprise Resource Planning (ERP) solution underwent a rollout of critical components which involved stakeholders such as the project management module and the procurement module.

The Authority's 5-year Strategic Plan completed its full cycle in the Year. In this period, the Authority achieved significant milestones in all 5 key Strategic Objectives namely: Increase the road network in bitumen condition which expanded by an additional 5,700Km, carried out maintenance and rehabilitation of the National Trunk Road Network- Class C which is maintained fully annually at an average of 21,000Km, developed road management plans and systems through collaboration with stakeholders and automation of road projects management, enhanced Service Delivery via innovation and re-engineering of key business processes and enhanced Corporate Governance through development of risk management and monitoring frameworks. Significant challenges however still stood in the way of attaining the desired goals, key among them being funding shortfalls that compounded on yearly basis and resulted in the Authority accruing a huge debt in the form of pending bills.

The Authority was guided by the Strategic Plan (2018-2023) in the implementation of its core activities and operations. In the period under review, the Authority upgraded 292kms against a target of 273kms, routinely maintained 23,646kms against a target of 23,231kms, periodically maintained 128kms against a target of 127kms and reconstructed/rehabilitated 57kms of roads.

In addition, the Authority continued to implement all the presidential directives as issued from time to time and particularly fast-tracked implementation of ongoing road development projects and the National Tree Growing Restoration Campaign aimed at increasing forest and tree cover to 30% by the year 2032. Through a Collaboration Framework with the Kenya Forest Service, the Authority adopted 5 hectares of degraded forest in Murinduko Hill, Njukini Forest in Kirinyaga County whereby 10,000No. trees were planted.

The Authority empowered youth, women and persons living with disability by awarding Kshs. 5,624,651,847.28 worth of contracts for enterprises owned by these groups aimed at empowering them and giving them more opportunities to do business with the Government.

Further, the Authority successfully rolled out a mechanism of handling visitors through a Visitors Management System in the year under review. This has enabled time saving and productivity improvement, better data collection, visitors privacy, organizational security and improved professional image.

The Authority recruited additional staff totalling 168 in different cadres in an effort to improve on the capacity of staff strength in the period under review.

Lastly, the Authority continued its commitment to fair and effective resolution of complaints. It amicably handled all the 127No. complaints received in conjunction with the relevant stakeholders in accordance with the law.

Annex 1: List of Annual Report Preparation and Publication Committee

1. Eng. J. K. Gakubia - Ag. Director (RSC)
2. Eng. Mwangi S. N. - DD (R2000-EU)
3. Mr. Nicholas Kibe - Principal Economist
4. Eng. Macharia Tumui - Senior Engineer (Dev)
5. Eng. Yvette Olende - Engineer (RAM)
6. Eng. Angela Murigi - Senior Eng. (RSC)
7. Ms. Joan Lwanya - Senior ICT Officer
8. Ms. Pamela Nanjala - Senior SCO
9. Mr. William Abungu - Principal Accountant
10. Ms. Charity Kiget - Principal Legal Officer
11. Mr. David Mwangi - Senior Internal Auditor
12. Mr. Reuben Omondi - Senior Public Affairs and Com. Officer
13. Ms. Kathleen Chepkemoi - HRM Officer
14. Ms. Elizabeth Kimani - Ass. Office Administrator
15. Ms. Jane Kabicho - PAC Officer
16. Ms. Gladys Kirera - Senior Office Administrator
17. Ms. Stephanie Basweti - Accountant.
18. Ms. Mariah Nduta - OA (RSC)
19. Ms. Evangeline Muthoni - Principal Environmentalist
20. Mr. Titus Kimaiyo - Office Assistant (RSC)
21. Ms Caroline Nyakio - Office Administrator (RSC)
22. Ms Joyce Mumbi - Office Assistant (RSC)

Annex 2: Signed Financial Statements

Corporate Governance Statement

Overview

The Board provides oversight to management who are responsible for the day to day running of the organization and emphasizes on principles of good Corporate Governance in the discharge of its mandate. The Board has 4 committees through which it discharges its mandate and is evaluated annually by SCAC. The positions of Chairman and Director General are held by different persons, as stipulated in the Mwongozo Code of Corporate Governance for State Corporations.

The Board and management have been trained on the Mwongozo Code of Corporate Governance for State Corporations.

Organization structure of the Authority

The Kenya Rural Roads Authority is governed by a Board of Directors as per Kenya Roads Act 2007. The day to day management of the Authority is carried out by the Director General who is also secretary to the board. The Authority carries its mandate through the following Directorates.

- a) Directorate of Development
- b) Directorate of Road Asset Management
- c) Directorate of Research, Strategy and Compliance
- d) Directorate of Planning, Design and Environment
- e) Directorate of Corporate Services
- f) Directorate of Audit Services.
- g) Corporation Secretary/ Legal Affairs Department
- h) Supply Chain Management Department.

Appointments to the Board

Appointments to the Board are carried out pursuant to section 8 of the Kenya Roads Act 2007. The Chairman of the Board is appointed by the President of the Republic of Kenya. Members of the Board are appointed by the Cabinet Secretary, Ministry of Roads and Transport on recommendation of the various nominating institutions provided for under the Kenya Roads Act 2007.

Board Organization and structure

The composition of the Board is as per the provisions of Section 8 of the Kenya Roads Act 2007. The Board is composed of representatives of relevant Government Ministries and private sector as represented by the various nominating bodies and is independent of management. The Board has set up Four standing committees to discharge its oversight role.

The role of the Board

The role of the Board is to provide strategic direction and oversight to management in the running of the Authority's affairs.

Activities of the Board

It is the responsibility of the Chairman and the Secretary to work closely together in planning the annual program and agendas for meetings. The Board is required to meet at least four times a year and the meetings are structured to allow open discussion. All substantive agenda items have comprehensive briefing papers, which are circulated well in advance.

In addition to regular Board meetings, there are a number of other meetings to deal with specific matters. When directors are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the Chairman or the Director General prior to or after the meeting. During the period under consideration, the Board had various meetings to deliberate on issues affecting the Authority. The Board also made several site visits to inspect various projects being undertaken by the Authority. An evaluation of the Board was also carried out during the period.

Board Effectiveness

The Board is sufficiently independent of management and performs its functions in a way to enhance Board effectiveness. To further enhance effectiveness, the directors have been trained on various issues on Corporate Governance and Mwogozo code of conduct.

Board meeting attendance for the period 1.7.2022 - 30.6.2023

S/ NO.	MEMBER	15 th July, 2022	5 th August, 2022	29 th September, 2022	30 th September, 2022	14 th October, 2022	30 th November, 2022	30 th January, 2023	16 th February, 2023	4 th May, 2023	23 rd May, 2023	29 th May, 2023	5 th June, 2023
1	Prof. (Eng.) Oyuko Mbeche, EBS	√	√	√	√	√	√	√	√	√	√	√	√
2	Eng. Stephen Kogi, OGW	√	√	√	√	√	√	√	√	√	√	√	√
3	Ms. Nelly Mbugua, OGW	√	√	√	√	-	-	-	-	-	-	-	-
4	Mr. Kennedy Nyambati	×	√	√	√	√	√	√	√	√	√	√	-
5	Prof. Lawrence Esho	√	√	√	√	-	-	-	-	-	-	-	-
6	Eng. Shadrack Kiprutto Yego	√	√	√	√	-	-	-	-	-	-	-	-
7	Mr. Alvin Kibet Kirui, MBS	√	√	√	√	√	√	√	√	×	×	√	√
8	Ms. Zahra Haji	×	×	×	×	√	√	√	√	√	√	√	√
9	CPA Margaret Osilli	-	-	-	-	-	-	-	-	-	-	-	√

*The tenure for Directors Ms. Nelly Mbugua, OGW, Prof. Lawrence Esho and Eng. Shadrack Kiprutto Yego ended on 2nd October, 2022.

*Director CPA Margaret Osilli took office in June, 2023 replacing Director Mr Kennedy Nyambati.

Board Committees

In line with the provisions of the Kenya Roads Act 2007, the Board established four Standing Committees. These are Board Finance Committee, Board Human Resources Committee, Board Audit, Risk and Governance Committee and Board Technical Committee. The committees are provided with all necessary resources to enable them to undertake their duties in an effective manner.

Board Audit, Risk and Governance Committee

The Board Audit Committee was established in accordance with the provisions of Treasury Circular No 16. of 25. The Board receives reports from the Audit Committee. The Internal Audit function reports directly to the Board Audit Committee and is independent of management operations.

Board Finance Committee

The committee meets on Quarterly basis. The committee assists the Board in its oversight role of the Authority relating to Authority's finance matters. This is as per the committees Terms of Reference.

Board Human Resource Committee

The committee assists the Board in its oversight role of the Authority relating to Authority's human resource matters. This is as per the committees Terms of Reference.

Board Technical Committee

The committee assists the Board in its oversight role of the Authority's function relating to the technical issues relating to the Authority's mandate. This is in terms of the design, construction and maintenance of roads under the Authority's mandate.

Board and Member Performance

The Board undertakes a self-performance evaluation every year. The performance evaluation is facilitated by the oversight body (State Corporations Advisory Committee). The evaluation helps in improving the performance of the Board.

Board Remuneration

Members of the Board are remunerated in accordance with the policy of the Government of Kenya as communicated from time to time.

Conflict of interest

Directors are required to disclose to the Board any real or potential conflict of interest that comes to the attention of the Directors. This requirement was observed during the reporting period.

Ethics and governance audit

The Board subjects the organization to a Governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya and accredited for the purpose.

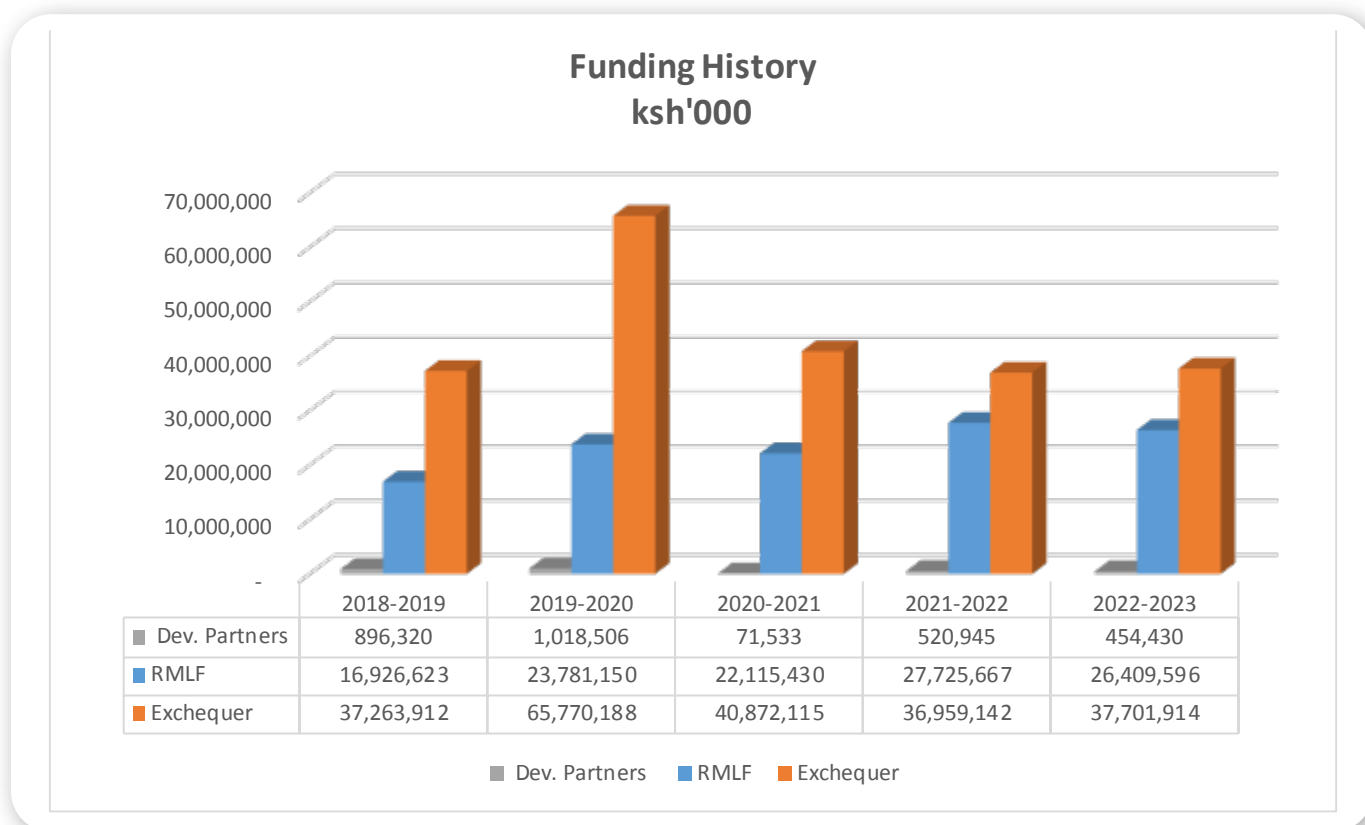

DIRECTOR

Management Discussion And Analysis

The entity’s operational and financial performance

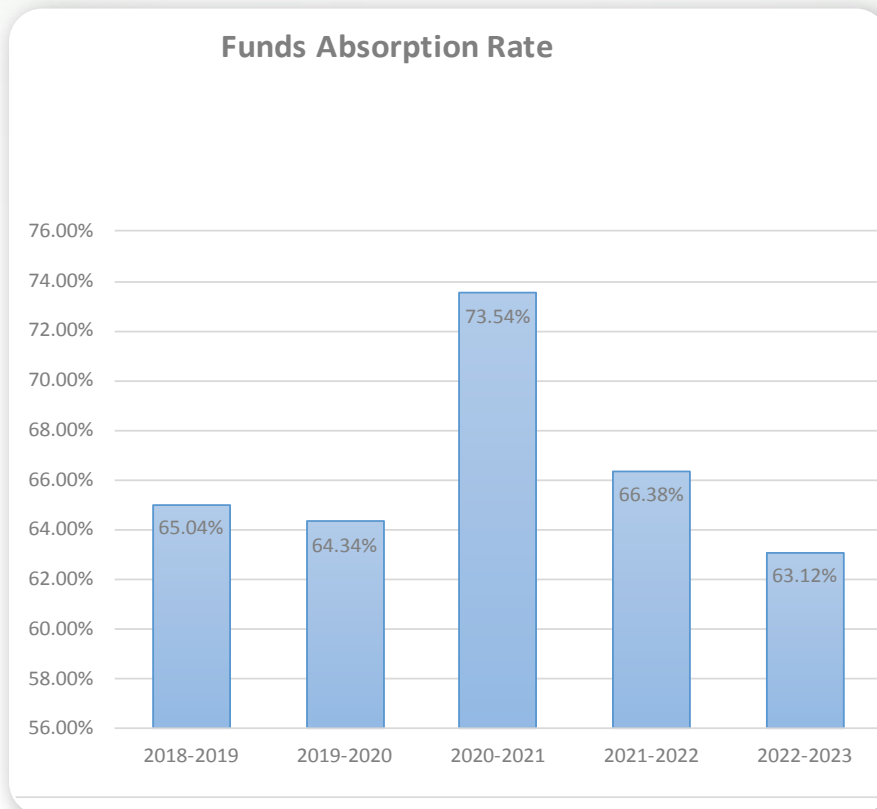
The National Government’s commitment continues to be seen through the improved budgetary allocation to the road sector. In the period under review, the Authority received a total of 64.34 Billion against a budget allocation 69.3 Billion for the full financial year.

The graph below indicates our funding over the last five financial periods.



Funds Absorption.

In this financial year the Authority achieved a funds absorption rate of 63.12% of all the funds available at its disposal. This is a decline of 3% compared to the previous financial period. This was due Delays in formation of CRC Committees, Late Exchequer disbursements from National Treasury, Executive order of transactions of above Ksh 50 Million.



**Funds Absorption is based on cash balances available for the period. It is calculated by adding Opening Cash Balance and total Receipts less closing cash Balance and compared total funds available.*

Entity’s compliance with statutory requirements

The Authority has complied with all statutory requirements externally imposed throughout the Period. There are no major noncompliance issues that may expose the authority to potential contingent liabilities.

Key projects and investment decisions the entity is planning/implementing

The Authority has an ongoing portfolio of 8,249 Kms of contracts under reconstruction and Upgrading worth Kshs. 362 Billion with 3501 Kms expected to be completed within the next three years at total cost of Kshs. 171 Billion. The bulk of the contracted works falls under the Roads 10,000 low volume sealed roads programme

Major risks facing the entity

The major risks that the authority is exposed to are reported on the note 28 of this report.

Material arrears in statutory/financial obligations

The Authority is not in arrears in the payment of statutory obligations though it has pending bills of approximately Ksh 55 billion as at 30th June 2023. These have been included as part of Payables.

The entity’s financial probity and serious governance issues

There has been no reports of financial improbity by the internal audit, external audit nor Other Government agencies.

Corporate Social Responsibility Statement/ Sustainability

1. Sustainability strategy and profile

A broad Political, Economic, Social, Technological, Environmental and Legal (PESTEL) scan was undertaken with a view to describing the circumstances under which the Authority operates so as to be able to appreciate the factors that will either support or impede the process of implementing the Strategic Plan.

Factor	Strategic implication	Strategic Response
Political Factors		
1.Stakeholder Engagement	Challenges with project planning and implementation Cost inflation due variation	Adherence to project implementation Guidelines Public participation Adherence to Annual Road Works Program (ARWP)
2.Funding to the Authority affected by political dynamics	Low funding level in comparison to increased demand for better roads Additional funding	Lobby parliament and cabinet Stakeholder engagement
3. Multiplicity of players in policy development	Interference with policy implementation Conflicting directives leading to risk of non-compliance	Lobby parliament and cabinet • Stakeholder engagement
4. Prolonged political activity	Interference with project implementation Gaps in leadership and direction	Adherence to project implementation guidelines Engagement with relevant stakeholders
Economic Factors		
1 .Lack of adequate funds	Maintenance backlog (increased road asset deterioration) High vehicle operating costs High road user costs Reduced network improvement High cost of interest payments	Increase RMLF allocations • Lobby for enhanced external funding • Explore alternative options of funding • Increased collaboration with external partners
2.Fiscal and Monetary Policies	High taxation Inflation High cost of fuel and road works materials Limitations to line budgetary items	Monitoring and review of policies and strategies Macroeconomic stability Adaptation to changes in fiscal policy
3.Regional economic disparities	Discrepancies in economic empowerment among counties (Marginalized areas) Skewed regional competitive advantage.	Increased Equalization fund Increased Equitable 10% RMLF Standardisation and harmonisation
Social Factors		

Factor	Strategic implication	Strategic Response
1.Road Reserve Encroachment	Increased accidents Loss of livelihoods Increased project costs Hostility Interference with project implementation	<ul style="list-style-type: none"> • Road reserve demarcation • Public sensitization • Stakeholder engagement
2.Poor adherence to axle load limits	Costly maintenance of roads Reduced road lifespan	<ul style="list-style-type: none"> • Public sensitization • Enforcement of axle load limits • Periodic road design reviews • Stakeholder engagement
3.Meeting Societal Expectations	Formulation and review of ARWP Formulation and review of Corporate Social Responsibility (CSR) work plan	Effectively manage expectations <ul style="list-style-type: none"> • Public sensitization • Engagement with stakeholders • Upholding organizational core values
Technological Factors		
1.Automation and information security	High investment in ICT systems and infrastructure Effective information security management Enhanced efficiency and operational interconnectivity	<ul style="list-style-type: none"> • Develop suitable ERPs • Develop and implement information security strategies • Implement ISMS
2.Emerging technologies in road construction and ICT	Incorporate usage of locally available materials and labour High cost of transition Need for matching staff knowledge and exposure with technology	Adaptation of technology and road construction concepts to emerging trends including R2000 and R10,000 Monitor obsolescence of technology and approaches Frequent updates Plan for future technological improvements Capacity building
Ecological factors/Environmental		
1.Adverse weather conditions (floods, mudslides, prolonged rainfall and drought)	Partial or total cut-off of the road network Increased frequency and costs of road and maintenance and rehabilitation works Delay in execution of projects in adverse weather and Cost overruns Availability of manpower	<ul style="list-style-type: none"> • Develop and implement annual disaster mitigation and management strategy • Enhance works insurance to cover adverse weather
2.Availability of natural road construction material	Depletion of natural resources High construction costs Damage to economically productive land	Research on alternative road construction material Embrace viable emerging technologies

2. Environmental Performance Sustainability

Environmental Performance

The Authority is committed to continuous improvement of environmental performance by putting in place strategies and actions to ensure that potential negative impacts of its operations to the environment are minimized. It is therefore the Authority's commitment to improve human welfare through the protection of natural capital throughout its operations. An Environmental and Social Sustainability Policy is in place with its main aim being to guide the Authority in conforming to the prevailing Government strategies as highlighted in the National Environment Policy. In accordance with the Policy, the Performance Contracting guidelines and the requirements of the Environmental Management and Coordination Act, the Authority implemented the following activities during the 2022/2023 financial year: -

Measures to mitigate against water, air, noise and other forms of pollution

Environmental and Social Impact Assessment (ESIA) Studies were finalised and submitted to NEMA for 39No. Projects. Additionally, the Authority continues to monitor compliance to the Environmental and Social Management Plans and EIA Licence conditions for the various projects under implementation, and corrective measures have been employed whenever a non-conformity is noted. 5No. Environmental and Social Audits (ESA) were undertaken to check environment compliance level for recently completed projects.

Promoting Environmental Protection and Conservation through Stakeholder Partnerships

The Authority sponsored and participated in the Annual Environmental Conference on 24th – 25th November, 2022 in Nairobi, the World Wetlands Day (WWD) 2023 National Commemoration on 2nd February 2023 in Narok County, and the World Environment Day (WED) National Commemoration on 5th June, 2023 in Nakuru County.

As part of the Authority's efforts to mainstream Environmental and Social Sustainability, awareness trainings were conducted for Staff both from the Headquarters and the 47 KeRRA Regions.

Tree Planting Initiatives

The Authority through a Framework for Collaboration with the Kenya Forest Service (KFS) was allocated five (5) hectares of degraded forest site in Murinduko Hill under Njukini West Forest Station in Kirinyaga County for adoption and rehabilitation. A total of 10,000 tree seedlings were planted and are being nurtured through the framework. Further, 5,000 tree seedlings were planted across the various KeRRA Regions making a total of 15,000. The average Survival Rate is 80%.

The above initiatives are aimed at enhancing the Authority's efforts to manage biodiversity, ensure sustainable waste management and in the long run minimize the institution's environmental footprint. Achievement of the Authority's full potential has nonetheless not been actualized due to limitations of funds and competing interests. The Authority is however committed to harmonization of infrastructural development and environmental objectives in the delivery of core business activities to maximize value.

3. Employee Welfare

The Authority recruitment process is guided by the following statutes

a) **The Employment Act 2007.**

(i) *This ensures that the protection of the fundamental rights of employees, and provide basic conditions of employment of employees. It defines the contractual obligations of both parties. It ensures both the rights of employees are protected in terms of Terms and Relationships, Protection of Wages, Employment Relationship and termination and Dismissal.*

b) **The National Cohesion and integration Act 2008**

That prohibits Discrimination in employment. It requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and to have no more than one third of its staff from the same ethnic community.

c) **The Public Service Commission Act 2017 and PSC Regulations 2020**

Some of the staff working in The Authority were originally from the Ministry and the provisions of the act pertaining to Appointments, Promotions, Resignations, Transfers, Secondments and Deployments

d) **The Authority HR Policies and Procedures Manual**

The Authority is an equal opportunity employer and does not in its recruitment and selection process, discriminate on the basis of gender, race, religion, ethnicity or any other form of discrimination. The constitutional requirement on mainstreaming of Gender and Persons with Disabilities as stipulated in Article 232 of the Constitution of Kenya, is observed alongside any policies issued by the National Cohesion and Integration Commission (NCIC).

Performance Appraisal

The performance management system of the Authority is designed to measure employee performance and ultimately the achievement of intended results for the organization. The Authority has an incentive scheme aimed at rewarding members of staff based on the value they are adding to the Authority in relation to their performance, approved experience and professional skills/competence. This framework therefore establishes a basis for rewarding exemplary performance and administering sanctions for poor performance, motivating employees to have positive attitude to work and to enhance productivity in the Authority.

Whilst the Authority recruits competent personnel, it endeavors to continuously improve the Knowledge, Skills and Attitudes of its employees to ensure that their performance meets and/or exceeds the minimum expectations and benchmarks best practices. It recognizes the need for training and development of all employees in order to ensure effective delivery of its broad mandate. Training opportunities are therefore offered to all its employees in order to improve their work performance and personal development. Funds allowing, all members of staff should have at least five (5) days training in a year.

The Authority's has a developed career progression guidelines which provides for a well defined career structure aimed at attracting, motivating and facilitating retention of qualified and experienced personnel in the Kenya Rural Roads Authority (KeRRA). It establishes distinct levels of responsibilities in the grading structure and sets standards for advancement to higher grades on the basis of professional competence, specialization, knowledge, experience, proven ability, diligence and drive as reflected in work performance and results.

The Authority has developed an Occupational Safety and Health Policy which guides its operations to ensure the safety of both Employees in the workplace and other stakeholders. It is further bound by the provisions of the occupational safety and health Act 2007.

4. Market place practices

Responsible Competition and Fair Practices

The Authority utilizes tender documents from PPRA. The User Department is tasked, in liaison with Supply Chain Department, to crafting the documents to reach a wide variety of suppliers, contractors and stakeholders. They are made easy to read and standardized across all Regional offices and Directorates and Departments. The documents have specific Declaration Forms under Standard Forms to be filled by bidders during bidding. The Authority has also ensured bidders have access to these opportunities via our website www.kerra.go.ke as well as www.tenders.go.ke. Bidders are also encouraged to engage the Authority via our customer service desk, contact numbers and emails.

The Authority through the Constituency Roads Committees (CRC) in the various regional offices engages the various stakeholders in prioritization of maintenance roads. The CRCs were created under the Finance Act 2009 to enhance openness and equity in public representation and decision-making process in procurement. The result is decentralisation in both economic and political relationships.

Our procurement plans consolidated by the Supply Chain Department uses the most preferred procurement method based on works, services and goods being procured. Open National tenders is used to encourage competition among suppliers. Special groups have also been allocated tenders.

The evaluation committee appointments are done within PPADA provisions to ensure transparency in all procurement process. Further evaluation committees are required to sign Confidentiality Declaration Form on conflict of interest.

Supplier Relationships in Supply Chain

The Authority trains the suppliers on what is expected of them in terms of the bidding process, ethical behavior and confidentiality of information. The bidders are debriefed on how they performed during the tendering process and notification to all participating bidders indicating the successful bidders. These are aimed at respecting bidders' rights and inspire confidence in our procurement process. From time-to-time, the Authority has invited YAGPO groups to supplier conferences to train and inform of our procurement processes and modes include use of e-procurement. The trainings are unbundled to cluster regions hence reach by all prospective bidders.

Infusion of Technology in Procurement Process

The employment of ERP in our Authority has brought about simplicity and fast delivery of our core mandate. This is cemented by the Executive Orders requiring the Authority adhere to constitutional tenet of good governance, integrity, accountability and transparency. The Supply Chain Department in liaison with ICT Department piloted the automation of supplier prequalification process. The processes have been enhanced and automated the prequalification of contractors.

Further, KeRRA website has been revamped with various menus to include link to our e-services. This has maximized our visibility and minimized walk-ins.

Responsible Stewardship: Service Charter

The Authority takes pride in its “RESOLVED CITIZENS’ SERVICE DELIVERY CHARTER”. The Charter available on our website in both Swahili and English and also prominently displayed in all Regions and at the Head Office. The Public Relations Department has endeavored to reach the Persons with Disability by generating Braille Charters. Members of staff and stakeholders are from time to time taken through the contents of the Charter.


5. Community Engagements

Corporate Social Responsibility (CSR) gives an opportunity to contribute in giving back to the society. Therefore, the Authority allocated Kshs5 million towards Corporate Social Responsibility Programmes for FY 2022/2023. In reporting period, the Authority received a high number of requests for support from various quarters, which led to the full utilization of the Kshs5 million provision.

In the reporting period, the programme has significantly touched the lives of vulnerable people in the society, promoting rights to education and embracing environmental responsibility through tree planting. It is remarkable that the Authority initiated in new projects in the reporting period such as the support towards National Council for Persons with Disabilities, Tree planting in Maragoli hills and donation of furniture to Endarasha Primary School.

Some of the Authority most notable CSR activities carried out in the FY 2022/2023 include;

NO.	PROJECT NAME	PARTICIPANTS/SCOPE	DETAILS	LOCATION	DATE	AMOUNT (Kshs)
1.	The Kenya Communication Sports Organization (KECOSO)	<p>KeRRA staff, government ministries and other parastatals participated</p>	KeRRA HQ in liaison with the ministry	Kericho County	Sep, 2022	691,000
2.	Dorothea Rescue Centre	<p>PAC department and a team of Staff Golfers participated</p>	Request to support educational needs of street children	Machakos County	December, 2022	304,100

NO.	PROJECT NAME	PARTICIPANTS/SCOPE	DETAILS	LOCATION	DATE	AMOUNT (Kshs)
3.	Kimalel Goat Auction	<p>CSR Committee members represented the Authority, public, and other agencies supporting the cause</p>  <p>Kenya Rural Roads Authority (KeRRA) @KeRRA_Ke KeRRA Director General Engr. Philemon Kandie engages with stakeholders and presents a cheque during the Baringo Cultural Fair in Kimalel. #stakeholderengagement #communitysupport</p> <p>12:59 · 22/12/2022 from Earth · 2,228 Views</p>	Request for sponsorship	Baringo County	December, 2022	705,800
4.	National Council for Persons with Disabilities	KeRRA staff and other agencies supporting the programme	<ul style="list-style-type: none"> -Adopt a special School initiative -Nyamosense Primary Special School in Migori county was adopted -Ablution block was built 	Nairobi County	Jan, 2023	350,000

Report Of The Directors

The directors submit their report together with the audited financial statements for the year ended 30th June 2022, in accordance with the provisions of section of the 38 of Kenya Roads Act 2007 which disclose the state of affairs of the Authority.

Principal activities

The principal activity of the authority is the management, development, rehabilitation and maintenance of the Rural Road Network in Kenya classified as C and others.

Results

The results for the Authority for the year ended 30 June 2022 are set out on page 32.

Directors

The directors who held office during the year and to the date of this report are set out on page 3-7.

Auditors

The Auditor General is responsible for the statutory audit of the Authority's books of account in accordance with the provisions of Article 229 of the Constitution of Kenya, Kenya Roads Act 2007 and the Public Audit Act, 2015

By order of the Board

Name : Eng. Philemon Kandie MBS Signature  Date 28/09/2023

Secretary to the Board

Statement Of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes:


- (i) Maintaining adequate financial management arrangements 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 Authority.
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- (iv) Safeguarding the assets of the Authority.
- (v) Selecting and applying appropriate accounting policies.
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain as a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 28/09/2023 2023 and signed on its behalf by:

Signature: 
Name: **Prof. (Eng) Oyuko Mbeche EBS**
Chairperson of the Board

Signature 
Name: **Eng. Philemon K. Kandie MBS**
Director General

Report Of The Independent Auditors On Kenya Rural Roads Authority


		2022-2023	2021-2022
		Jun-23	Jun-22
	Note	Shs'000	Shs'000
REVENUE			
Revenue from Non Exchange Transactions			
Road Maintenance Levy Fund	6	26,409,596	27,725,667
Government Grants	7	15,060,064	17,799,054
Development partners' Grants	8	454,430	520,945
Total Revenue from Non Exchange Transactions		41,924,090	46,045,666
Revenue from Exchange Transactions			
Finance Income	9	899,756	1,225,481
Other income	10	5,752	51,311
Rental Revenue	11	1,125	1,075
Total Revenue from Exchange Transactions		906,634	1,277,866
Total Revenue		42,830,724	47,323,532
EXPENDITURE			
Road Works costs	12	37,979,615	40,197,725
Directors' Costs	13	20,549	32,085
Employment Costs	14	2,969,366	2,821,451
Repairs and maintenance	15	135,179	169,130
Other Operating Costs	16	1,491,560	1,174,613
Depreciation and amortization expense	17	87,465	120,152
Total Expenditure		42,683,733	44,515,156
Operating Surplus for the year		146,990	2,808,376


Statement Of Financial Performance For The Year Ended 30 June 2023

		2022-2023 Jun-23 Shs'000	2021-2022 Jun-22 Shs'000
REVENUE			
Revenue from Non Exchange Transactions			
Road Maintenance Levy Fund	6	26,409,596	27,725,667
Government Grants	7	15,060,064	17,799,054
Development partners' Grants	8	454,430	520,945
Total Revenue from Non Exchange Transactions		41,924,090	46,045,666
Revenue from Exchange Transactions			
Finance Income	9	899,756	1,225,481
Other income	10	3,302	51,311
Rental Revenue	11	1,125	1,075
Total Revenue from Exchange Transactions		904,183	1,277,866
Total Revenue		42,828,273	47,323,532
EXPENDITURE			
Road Works costs	12	37,991,235	40,197,725
Directors' Costs	13	20,549	32,085
Employment Costs	14	2,969,366	2,821,451
Repairs and maintenance	15	135,179	169,130
Other Operating Costs	16	729,221	760,812
Depreciation and amortization expense	17	87,465	120,152
Total Expenditure		41,933,015	44,515,156
Taxation	19	762,337	413,801
Operating Surplus for the year		132,921	2,808,376

The significant accounting policies on pages and the notes on pages 7 to 51 form an integral part of these financial statements.


 Director Corporate Services
 CPA Dan Manyasi
 ICPAK M. No:6407
 Date: 28/09/2023


 Director General
 Eng. Philemon Kandie MBS
 Date: 28/09/2023


 Director
 Date: 28/09/2023

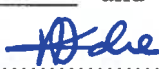
Statement Of Financial Position As At 30 June 2023

		2022-2023	2021-2022
	Note	Jun-23 Shs'000	Jun-22 Shs'000
ASSETS			
Current Assets			
Cash and cash equivalents	18	48,301,429	44,527,506
Receivables from exchange transactions	20	20,173,825	19,921,388
Receivables from non exchange transactions	20	854,244	1,665,795
Inventories	21	3,114	6,644
		<u>69,332,612</u>	<u>66,121,333</u>
Non-Current Assets			
Property Plant and Equipment	22	225,073	293,635
Road Infrastructure Assets	23	139,961,577	124,175,119
Capital Work In Progress	24	197,694,836	179,892,966
		<u>337,881,486</u>	<u>304,361,721</u>
Total Assests		<u>407,214,098</u>	<u>370,483,054</u>
LIABILITIES			
Current liabilities			
Payables from exchange transactions	25	55,066,422	40,922,940
Payables from Non-Exchange transactions	25	-	-
Employee benefit obligation	26	190,741	138,197
		<u>55,257,163</u>	<u>41,061,138</u>
Non Current Liabilities			
Payables from exchange transactions	25	7,740,381	7,985,152
		<u>7,740,381</u>	<u>7,985,152</u>
Total Liabilities		<u>62,997,544</u>	<u>49,046,290</u>
Net Assets		<u>344,216,554</u>	<u>321,436,765</u>
REPRESENTED BY:			
GOK Development Fund	SCNA	349,866,916	327,225,066
Staff Mortgage Fund	SCNA	546,960	541,941
Accumulated(Deficit)/ Surplus	SCNA	(6,197,321)	(6,330,242)
Total Net Assets and Liabilities		<u>344,216,554</u>	<u>321,436,765</u>


The significant accounting policies on pages and the notes on pages 7 to 51 form an integral part of these financial statements. The financial statements on pages 1 to 86 were approved for issue by the board of directors on 28/09/2023 and were signed on their behalf by:



Director Corporate Services
 CPA Dan Manyasi
 ICPAK M. No:6407
 Date: 28/09/2023



Director General
 Eng. Philemon Kandie MBS
 Date: 28/09/2023



Director
 Date: 28/09/2023

Statement Of Changes In Net Assets For The Year Ended 30 June 2023

	Note	Accumulated Surplus	GOK Development Fund	Staff Mortgage Fund	Total
		Shs'000	Shs'000	Shs'000	Shs'000
At 1st July 2021		(9,138,618)	308,064,979	537,022	299,463,383
Funds received during the year		-	19,160,087	4,919	19,165,006
Surplus for the Period		2,808,376	-	-	2,808,376
At 30th June 2022		(6,330,242)	327,225,066	541,941	321,436,765
At 1st July 2022		(6,330,242)	327,225,066	541,941	321,436,765
Funds received during the year		-	22,641,850	5,019	22,646,869
Surplus for the Period		132,921	-	-	132,921
At 30th June 2023		(6,197,321)	349,866,916	546,960	344,216,555

The significant accounting policies on pages and the notes on pages 7 to 51 form an integral part of these financial statements.

Statement Of Cash Flows For The Year Ended 30 June 2023

		2022-2023 Jun-23 Shs'000	2021-2022 Jun-22 Shs'000
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		65,381,342	67,157,896
Rental revenue from facilities and equipment		1,125	1,075
Finance income		899,756	1,225,481
Other income		3,302	51,311
Total receipts		<u>66,285,525</u>	<u>68,435,763</u>
Payments			
Use of goods and services		(747,006)	(760,812)
Employee costs		(2,899,358)	(2,906,539)
Board Expenses		(20,549)	(32,085)
Repairs and maintenance		(135,179)	(169,130)
Contracted services		(24,344,961)	(33,776,447)
Taxes		(762,337)	(413,801)
Total payments		<u>(28,909,391)</u>	<u>(38,058,814)</u>
<i>Net cash flows from/(used in) operating activities</i>		<u>37,376,134</u>	<u>30,376,949</u>
Cash flows from investing activities			
Purchase of PPE and Intangible assets	22	(18,902)	(57,235)
Proceeds from sale of PPE		-	-
Investment in Road Infrastructure	24	(33,588,328)	(30,246,592)
Sale of investments		-	-
Net cash flows from/(used in) investing activities		<u>(33,607,230)</u>	<u>(30,303,827)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from Mortgage Fund	SCNA	5,019	4,919
Net cash flows from financing Activities		<u>5,019</u>	<u>4,919</u>
Net increase/(decrease) in cash &		<u>3,773,922</u>	<u>78,041</u>
Cash equivalents			
Cash and cash equivalents at the Start of Year		44,527,506	44,449,465
Cash and cash equivalents at the End of the Period	18	<u>48,301,429</u>	<u>44,527,506</u>

The significant accounting policies on pages and the notes on pages 7 to 51 form an integral part of these financial statements.

.....
Director Corporate Services
 CPA Dan Manyasi
 ICPAK M. No:6407
 Date: 28/09/2023

.....
Director General
 Eng. Philemon Kandie MBS
 Date: 28/09/2023

.....
Director
 Date: 28/09/2023

Statement Of Comparison Of Budget And Actual Amount

Revenue	Note	Original Budget		Adjustments		Final Budget		Actual on comparison Basis		Performance Difference		% Variance 2022-2023	Remarks/ Variance Explanation	
		2022-2023		Shs'000		2022-2023		Shs'000		2022-2023				Shs'000
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000					
Road Maintenance Levy Fund	6	28,774,349	(2,364,753)	26,409,596	26,409,596	26,409,596	(0)	0%	Prompt Releases by KRB					
Government Grants	7	44,092,849	(5,482,977)	38,609,871	37,701,914	907,957	2%	2%	Delayed Exchequer Releases					
Development partners' Grants	8	2,076,000	(95,000)	1,981,000	454,430	1,526,570	77%	77%	Delayed project implementation					
Finance Income	9	1,159,867	(279,001)	880,866	899,756	(18,890)	-2%	-2%	Reduced average Cash balances					
Other income	10	10,000	-	10,000	3,302	6,699	67%	67%	Suppressed level of economic activities					
Rental Revenue	11	2,000	-	2,000	1,125	875	44%	44%	Ministry of Housing Challenges					
Total Revenue		76,115,064	(8,221,731)	67,893,334	65,470,124	2,423,210								
EXPENDITURE														
Road Works Costs-Maintenance	12	27,184,952	(374,001)	26,810,952	24,849,263	(1,961,689)	-7%	-7%	Transition of CRC committees					
Directors' Costs	13	30,000	-	30,000	20,549	(9,451)	-32%	-32%	Delayed implementation of PC Targets					
Employment Costs	14	2,858,314	130,000	2,988,314	2,969,366	(18,948)	-1%	-1%	Variance within range					
Repairs and maintenance	15	103,431	32,000	135,431	135,179	(252)	0%	0%	Variance within range					
Other Operating Costs	16	1,540,018	-	740,018	729,221	(10,797)	-1%	-1%	Variance within range					
Depreciation and amortization expense	17	305,500	-	305,500	87,465	(218,035)	-71%	-71%	Delayed acquisition of assets					
Taxation				800,000	762,337	(37,663)	-5%	-5%	Variance within range					
Exchequer Fund- Maintenance		44,092,849	(8,009,730)	36,083,119	13,141,972	22,941,147			Transfer to Fund					
Transfer to GOK Fund		-	22,641,850	-	22,641,850	-			Transfer form Exchequer receipts					
Total Expenditure		76,115,065	(8,221,731)	67,893,334	65,337,203	20,684,312								

Statement Of Comparison Of Budget And Actual Amount

Discussion

1. RMLF Revenue
 - Revenue increase due to release of emergency funding
2. Governments Grants Shortfall-
 - This is due to delayed Exchequer of Release of Counter part and regular Funding by National Treasury.
3. Finance Income
 - Targets achieved due to prudent Cash Management
4. Other Income
 - This is a significant increase due to Recall of Performance Guarantee.
5. Expenditure
 - Road works Maintenance-Utilization of Prior year balances by regional offices

Notes To The Financial Statements

1. General Information

Kenya Rural Roads Authority (KeRRA) is a State Corporation established under the Kenya Roads Act 2007. The Authority is headed by a Board of Directors led by a chairman with the Director General being the Chief Executive of the Authority.

The Kenya Roads Act 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. However, the Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). In line with this provision, the road network in Kenya was reclassified vide Kenya Gazette Notice of 22nd January 2016 by the State Department of Infrastructure. National trunk roads in Class C totaling 19,504 Km were vested to the Authority by the Cabinet Secretary. A further reclassification by the Cabinet Secretary on 8th May 2020 revised the Authority network to 18,662 Km of national trunk road network in Class C.

2. Statement of compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Kenya Rural Roads Authority accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya Rural Roads Authority .

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standards Board (IPSASB), the Public Financial Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Act 2007.

3. Adoption of new and revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> • Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. • IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. • Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. • IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. • Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. • IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). • Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

Standard	Effective date and impact:
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted</p>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. Summary Of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, unless otherwise stated. The Financial Statements are presented in Kenya Shillings which is the functional and reporting currency of the Authority and all values are rounded to the nearest thousand (Ksh 000).

(b) Presentation of Financial Statements

The financial statements comprise of statement of financial performance, statement of financial position, statement of changes in net assets/reserves, the statement of cash flows and statement of comparison of budget and actual amount and the notes to the financial statements.

The Authority classifies its expenditure by the nature of expense methodology.

The disclosure on risks are presented in the financial risk management objectives and policies contained in note 5.

(c) Budget Information

The original budget for FY 2021-2022 was approved by the National Assembly in June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

(d) Taxation

The Authority is an appointed tax agent for Kenya Revenue Authority with the mandate to withhold tax and remit to Kenya Revenue Authority. The withheld taxes are recognized as current liabilities until paid to the relevant Authority.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(e) Translation of foreign currencies

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

(f) Revenue recognition

Revenue comprises the fair value of consideration received or receivable in the ordinary course of business. In accordance with the Kenya Roads Act 2007, revenue comprises all proceeds from the Kenya Roads Board Fund, Grants, Loans and donations from Central Government and Development partners, and such moneys, sums or assets that may accrue to the Authority. The revenue is for specified purposes including maintenance, rehabilitation and development of the rural road network in Kenya.

The Authority recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Authority.

i) Road Maintenance Levy Fund

Receipts from the Road Maintenance Levy Fund comprise of 32% of collections from the Road Maintenance Levy Fund administered by the Kenya Roads Board in accordance with the Kenya Roads Board act 1999.

Proceeds from the Road Maintenance Levy Fund are generally recognized in the Statement of Financial Performance on accrual basis.

ii) Agricultural Cess

The Agricultural Cess comprises of 80% of all monies collected as Cess in respect of tea and coffee as per Agricultural Act. The fund is administered by Kenya Roads Board. Proceeds from agricultural Cess are recognized in the Statement of Financial Performance on accrual basis.

iii) Transfers from Government and other entities

The Kenya Roads Act 2007 provides the Authority may receive all monies from any other source provided for or donated or lent to the Authority. Such monies are recognized as they accrue in the period in which the transfer becomes binding at fair value, in the 'Statement of Financial Performance', unless the collectability is in doubt. The fair values can be determined by reference to the market rate.

Where a transfer is subject to conditions that if unfulfilled require a return of the transferred resources they are recognized as a liability until the condition is fulfilled.

iv) Interest Income

Interest income and expense, including interest income from non-derivative financial assets are recognized at fair value through the Statement of Financial Performance using the effective interest method. Interest income is accrued on a time basis and is calculated on call and fixed deposits held with approved banking institutions.

v) Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

vi) Other income

Other income arising from sale of tenders and fees levied by the Authority is accounted for on receipt

(g) Financial Instruments

(i) Financial assets

Financial assets within the scope of IPSAS 29 are classified as financial assets at fair value through surplus or deficit, receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money or services directly to a debtor with no intention of trading the receivable. Receivables mainly arise from non-exchange transactions which accrue in the ordinary course of business and there is no intention of trading the receivable.

Receivables are recognized initially at the fair value. They are subsequently measured at amortized costs using the effective interest method less provision for impairment. A provision for impairment of receivables is made when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

The carrying value less discounts and any impairment provision of impairment is assumed to approximate their fair values. For financial instruments such as short term receivables, no disclosure of fair value is required when the carrying amount is a reasonable approximation of fair value.

The Authority is allocated funds by the Government and Kenya Roads Board in accordance with the approved budget and allocation criteria set out in the Kenya Roads Board Act, 1999. The amounts allocated are referred to as 'disbursements' and are released to the Authority based on the disbursement schedule. Any amounts not released at any time are recognized as receivables.

Receivables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets.

(ii) Financial Liabilities

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables also include payments in respect social benefits where formal agreements for specific amounts exist.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The historical cost carrying amount of payables subject to the normal credit terms usually approximates fair value. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

(h) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period end, taking into account the risks and uncertainties surrounding the obligation.

Contingent Liabilities

The Authority 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.

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 the 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

(i) Operating leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made/received under operating leases are charged/credited to the statement of financial performance on a straight line basis over the lease period. Prepaid operating lease rentals are recognized as assets and are subsequently amortized over the lease period.

(j) Provision for liabilities and charges

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(k) Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of financial performance in the year in which they are incurred.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over its estimated useful life, and 360 day calendar year adopted, using the following annual rates:

	Rate - %
Buildings	2.5%
Computers	33.3%
Furniture and Fittings and Fixtures	12.5%
Technical Equipment/Machinery	12.5%
Motor Vehicles	25.0%
Road Infrastructure Assets	-

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

(l) Specialised Public Service Assets-Infrastructure Assets

International Valuation Standards Committee defines specialized public asset as an asset, owned and/or controlled by a governmental or quasi-governmental entity, for the provision of some public service or good.

The authority deals in construction of roads infrastructure which falls in this category and constitutes part of property, plant and equipment within the meaning of IPSASs.

Like other assets, all specialized public service assets provide either service potential or future economic benefit. Service potential is a measure of the capacity of an asset to provide services or benefits to those that use that asset. Future economic benefit is a measure of the capacity of an asset to provide monetary benefits to those that hold or own that asset.

(m) Construction contracts

A construction contract is defined as a contract specifically negotiated for the construction of an asset. Contract costs are recognized as assets in the period in which they are incurred.

Where the outcome of a construction contract can be estimated reliably, costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its payment is considered probable.

The Authority uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Progress billings not yet paid to the contractors and retention are included within 'Payables' in the statement of financial position.

Costs incurred on maintenance contracts are charged in the statement of financial performance in the period in which they are incurred.

(n) Impairment of Non-Financial Assets

At each reporting period end, based on internal and external sources, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset.

Impairment losses are recognized as an expense in the Statement of Financial Performance whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of impairment loss is limited to the assets carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is credited to the Statement of Financial Performance in the year reversals are recognized.

(o) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition is accounted for, based on purchase cost using the weighted average cost method.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority

(p) 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 various commercial banks at the end of the financial year.

(q) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements.

The net assets are made of up of designated funds and accumulated reserve which are explained as follows:

(i) ***Staff Mortgage Fund***

The Authority established independently managed staff Mortgage Scheme Funds for members of staff. The scheme is based on a minimum cash balance at the Kenya Commercial Bank account commensurate with the mortgage amount. This cash balance, built up for the scheme as a revolving fund.

(ii) ***Capital Fund***

The Authority proposes to establish a Capital Fund in for the purpose of purchase of office property plant and equipment.

(iii) ***Accumulated surpluses/Deficit***

Accumulated surpluses/ (deficit) represent excess operating revenue over expenditure which has accumulated over the years. These funds are available for utilization in the Authority's operations in the subsequent years.

(iv) ***Development Fund***

Development fund represents the Authority's investment in infrastructure assets as funded by the exchequer development vote.

(r) Changes in accounting policies and estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

(s) Employee Benefits

The Authority provides retirement benefits for its eligible employees. The Authority operates defined contributions provident fund administered by an independent administration company and trustees and which is funded by both the employee and employer.

The Authority and its employees also contribute to the statutory pension scheme, The National Social Security Funds (NSSF). Contributions are determined by the local statute. The Authority also sets aside on monthly basis the gratuity for its employees who are on contract basis.

The contributions to fund obligations for the payment of retirement benefits are charged to the statement of financial performance in the year in which they become payable.

The total expense recognized in the income statement of Shs Million (2021-2022: Shs 138.2 Million) represents contributions payable to the plan by the Authority at rates specified in the rules of the plan. The expense has been included within the staff pension costs under staff costs.

(t) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation of the Financial Statements as required by International Public Sector Accounting Standards and any amendment whenever necessary in the current year

(u) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Critical Accounting Estimates, Judgements And Assumptions

In the process of applying the Authority's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' knowledge of current events and actions, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical Judgments in Applying the Authority's Accounting Policies

In the process of applying the Authority's accounting policies, judgments have been made in determining:

- Whether the assets are impaired;
- The classification of financial assets;
- The going concern.

(b) Critical Accounting Estimates and Assumptions

The key areas of judgments and sources of uncertainty in estimation are as set out below:

(i) ***Contingent Liabilities***

As disclosed in these financial statements, the Authority is exposed to various contingent liabilities in the normal course of business. The directors evaluate the status of these exposures on a regular basis to assess the probability of the Authority incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

(ii) ***Provision for Doubtful Debts***

The Authority reviews its receivables to assess the likelihood of impairment. Provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due. Where necessary, an estimation of the amounts irrecoverable is made in that year. Provision for impairment shall be recognized upon approval by the Board of Directors.

(iii) ***Other Provisions***

Other provisions are recognized when the Authority has legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(iv) ***Impairment Losses***

At each reporting period end, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset. Any impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognized as income immediately.

	2022-2023 Shs'000	2021-2022 Shs'000
6. Road Maintenance Levy		
10% Constituency Links Roads	5,615,091	3,329,411
10% Special allocation	4,648,427	13,534,796
22% Constituency Roads Fund	12,352,473	7,350,743
RMLF Operations	3,793,605	3,510,716
Total Road Maintenance Levy	<u>26,409,596</u>	<u>27,725,667</u>
7. Other Government Grants		
Development Projects	22,641,850	19,160,087
Spot Improvement Projects(Public Participation)	15,060,064	17,799,054
Administrative funds	-	-
Total Government Grants	<u>37,701,914</u>	<u>36,959,142</u>
Deferred Income	-	-
Transfer to Development Fund	(22,641,850)	(19,160,087)
	<u>15,060,064</u>	<u>17,799,054</u>
8. Development Partners Grants		
European Union	-	44,795
L'Agence Française de Développement(AFD)	-	-
German Development Bank(KFW)	-	-
AFD-Interest	3,047	-
BADEA	451,383	476,150
Total Development Partners'Grants	<u>454,430</u>	<u>520,945</u>
9. Finance Income		
Interest from fixed deposits	899,756	1,225,481
Total Finance income	<u>899,756</u>	<u>1,225,481</u>
10. Other Income		
Receipts from sale of tenders	194	545
Disposal of Assets	-	571
Recall of Performance Guarantees	-	48,226
Other Levies	3,108	1,969
Total other income	<u>3,302</u>	<u>51,311</u>
11. Rental Revenue		
Receipts from operating lease rental	1,125	1,075
Total Rental revenue	<u>1,125</u>	<u>1,075</u>

Rental income is rent income received from various Regional Office camps. The properties were inherited from our Parent Ministry.

	2022-2023 Shs'000	2021-2022 Shs'000
12. Road Works Expenditure		
RMLF 10%-Critical Link Roads	3,647,667	3,994,932
RMLF 22%-Constituency Roads Fund	8,202,645	7,950,824
RMLF 10%-Special Allocation	12,240,170	9,232,669
Donor Funded Projects	749,423	870,813
Refund Donor EU/KFW	-	-
GoK Spot Improvement Funds	13,141,972	18,072,580
Coffee Cess	-	-
Equilisation Fund	9,358	75,907
Total Road Works Expenses	<u>37,991,235</u>	<u>40,197,725</u>
13. Directors' Costs		
a.Executive Directors		
Emoluments	11,606	11,008
	<u>11,606</u>	<u>11,008</u>
b.Non Executive Directors		
Emoluments	4,798	6,184
Training and field activities	4,145	14,894
	<u>8,943</u>	<u>21,078</u>
Total Directors Costs	<u>20,549</u>	<u>32,085</u>
14. Employment Costs		
Salaries and Wages	2,024,046	1,881,261
Pension and Gratuity costs	233,208	218,502
Medical and Insurance	99,368	77,840
Training and Development	149,127	183,945
Travelling and accomodation	423,093	428,905
Other Staff welfare costs	40,524	30,999
Total employment Costs	<u>2,969,366</u>	<u>2,821,451</u>
15. Repairs and maintenance		
Office building	11,867	20,112
Furniture and equipment	74,209	99,249
Motor vehicles	49,104	49,769
Total Repairs and Maintenance	<u>135,179</u>	<u>169,130</u>

	2022-2023	2021-2022
	Shs'000	Shs'000
16. Other Operating Expenses		
Public relations and Corporate affairs	18,975	20,460
Audit Fees	3,000	3,000
Advertisement and publicity	29,224	10,690
Rent and Rates	19,704	16,817
Electricity and Water	10,911	10,825
Cleaning and sanitation	11,760	12,891
Fuel and other vehicle running expenses	179,715	173,468
Security	42,989	111,091
Consultancies	41,616	10,408
Legal Fees	15,731	4,755
Printing and Stationery	42,867	41,091
CRC and tender evaluation Expenses	178,236	216,437
Telephone, Internet and Postage	34,013	30,573
Bank Charges	23,181	15,304
Office expenses	13,393	19,616
Performance Contracting	63,907	63,386
Total Other Operating expenses	<u>729,221</u>	<u>760,812</u>

Taxes-The authority paid Corporation Tax on prior year Interest income .

17. Depreciation and Amortization

Property Plant and equipment	87,465	120,152
Total Depreciation Expense	<u>87,465</u>	<u>120,152</u>

18. Cash and cash equivalents

Cash in hand and Bank	37,106,058	23,542,103
Staff mortgage Fund	1,071	1,119
Fixed term deposits	11,194,300	20,984,284
Total Cash and Cash equivalents	<u>48,301,429</u>	<u>44,527,506</u>

The cash and bank balances as the funds are held with sound financial institutions approved by Central Bank of Kenya as follows:

	2022-2023	2021-2022
	Shs'000	Shs'000
KCB Bank Kenya limited	47,821,137	44,162,536
Equity Bank Kenya Limited	193,360	125,044
Cooperative Bank Kenya Limited	118,069	56,024
NCBA Bank Kenya Limited	168,863	183,805
Cash in Hand	-	97
Total cash in hand and bank	<u>48,301,429</u>	<u>44,527,506</u>

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months

19. Taxation

Current Income Charge	-	-
Tax Charge on Rental Income	-	-
Tax Charge on Interest Income	762,337	413,801
Deferred Tax	-	-
Original and Reversal of Temporary Differences	-	-
Income Tax Expense Reported in the Statement	-	-
	<u>762,337.41</u>	<u>413,801.31</u>

20. a) Receivables from Exchange

i) Receivables from Exchange transactions (Current)

Contractors advances	20,173,825	19,921,388
Total Receivables from Exchange transactions	<u>20,173,825</u>	<u>19,921,388</u>

ii) Receivables from Exchange transactions (Long Term)

Contractors advances	-	-
Total Receivables	<u>-</u>	<u>-</u>
Current Portion transferred to current Receivables	<u>-</u>	<u>-</u>
Total Non Current Receivables	<u>-</u>	<u>-</u>
Total Receivables from Exchange transactions	<u>20,173,825</u>	<u>19,921,388</u>

	2022-2023		2021-2022	
	Current	% of total	Comparative	% of total
iii) Ageing Analysis for Receivables from Exchange Transactions				
	Shs'000		Shs'000	
Contractors advances				
Less Than 1 Year	178,577	1%	4,689,935	24%
Between 1-2 Years	4,760,016	24%	(858,421)	-4%
Between 2-3 Years	(854,643)	-4%	16,089,875	81%
Over 3 years	16,089,875	80%	-	0%
Total	20,173,825	100%	19,921,388	100%

iv) Reconciliation for Impairment Allowance on Receivable from Exchange Transactions

	2022-2023	2021-2022
	Jun-23	Jun-22
Impairment Allowance / Provision		
At The Beginning of the Year	-	-
Additional Provisions during the year	-	-
Recovered During the year	-	-
Written off during the Year	-	-
At the end of the Year	-	-

20(b) Receivables from Non Exchange transactions

Advances to Staff	25,806	43,271
Deposits and Prepayments	85,537	64,223
Other Receivables(Accrued Income)	742,900	1,558,302
Total Receivables from Non Exchange transact	854,244	1,665,795
Total receivables	21,028,069	21,587,183

Ageing Analysis Receivables from Non-Exchange transactions

Less Than 1 Year	852,032	99.74%	1,622,525	97.4%
Between 1-2 Years	-	0.00%	19,731	1.2%
Between 2-3 Years	-	0.00%	23,539	1.4%
Over 3 years	2,212	0.26%	-	0.0%
Total	854,244	100%	1,665,795	100.0%

Receivables constitute short term liquid assets which are recoverable within one year. Grants receivable represent development grants due from the National Government. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any collateral as security. The aged analysis of receivables is as follows:

	2022-2023 Shs'000	2021-2022 Shs'000
21. Inventories		
Consumable stores	<u>3,114</u>	<u>6,644</u>
Total Inventories	<u>3,114</u>	<u>6,644</u>

22. Property Plant and equipment		Building	Furniture and Fittings	Motor Vehicles	Office Equipment	Computers and Software	Plant and Machinery	Total
Period ended	30th June 2023	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost								
At 1st July 2022	119,932	196,314	674,322	58,276	345,612	56,503	1,450,960	
Additions	841	3,525	-	5,325	9,211	-	18,902	
At 30th June 2023	<u>120,773</u>	<u>199,839</u>	<u>674,322</u>	<u>63,601</u>	<u>354,824</u>	<u>56,503</u>	<u>1,469,862</u>	
Depreciation								
At 1st July 2022	26,210	150,664	599,894	37,904	288,956	53,693	1,157,319	
Charge for the year	3,768	9,020	37,809	5,989	30,422	456	87,465	
At 30th June 2023	<u>29,978</u>	<u>159,684</u>	<u>637,703</u>	<u>43,892</u>	<u>319,379</u>	<u>54,149</u>	<u>1,244,784</u>	
Net Book Value								
At 30th June 2023	<u>90,795</u>	<u>40,155</u>	<u>36,619</u>	<u>19,709</u>	<u>35,445</u>	<u>2,354</u>	<u>225,078</u>	

22. Property Plant and Equipment								
Period ended	June 2022	Building	Furniture and Fittings	Motor Vehicles	Office Equipment	Computers and Software	Plant and Machinery	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost								
At 1st July 2021	108,353	189,438	674,322	53,767	311,337	56,503	1,393,719	
Additions	11,579	6,876	-	4,504	34,276	-	57,235	
At 30th September 2021	119,932	196,314	674,322	58,271	345,612	56,503	1,450,955	
Depreciation								
At 1st July 2021	23,531	141,390	536,753	33,590	248,666	53,236	1,037,167	
Charge for the year	2,679	9,274	63,140	4,314	40,290	456	120,152	
At 30th June 2022	26,210	150,664	599,894	37,904	288,956	53,693	1,157,319	
Net Book Value								
At 30th June 2022	93,722	45,651	74,428	20,367	56,656	2,811	293,635	

26. Employee Benefit obligations

	Ksh'000	Ksh'000	Ksh'000
As at 1st July 2022	69,108	69,090	138,197
Additional Provisions	52,543	-	52,543
Provision utilised	-	-	-
As at 30th June 2023	121,651	69,090	190,741

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Authority has an integrated risk management framework/ strategy. The Authority's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

The Authority recognizes the critical role the risk management will continue to play in its endeavor to carry out its business in a dynamic environment. The Board is committed to ensure that corporate governance and risk management are deeply entrenched in the Authority's strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

The Authority core business involves major engagements with financial transactions and processes which pose certain risks. Three types of risks are reported as part of the risk profile namely operational, strategic and business continuity risks.

- (i) **Operational risks** are events, hazards, variances or opportunities which could influence the achievement of the Board's compliance and operational objectives.
- (ii) **Strategic risk** is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.
- (iii) **Business continuity risks** are those events, hazards, variances and opportunities which could influence the continuity of the entity.

The Members of the Board have the overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority has delegated its risk management to the Audit and Risk Committee. One of the responsibilities of this committee is to review risk management strategies to ensure that an effective efficient and transparent system of risk management is maintained for sustainable management of the Authority.

The Authority's exposure to risks, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless

otherwise stated. The Authority aims therefore to achieve an appropriate balance between the risk and return and minimize potential adverse effects on its financial performance.

The financial management objectives and policies are as outlined below:

a) Liquidity Risk

Liquidity risk is the risk that the Authority will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued, etc. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The Authority's has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The Authority's liquidity and funding management process includes:

- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding, maintaining balance sheet liquidity ratios,
 - Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,
- The Authority has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities.

The primary sources of revenue for the Authority are receipts from the Kenya Roads Board, mainly receipts from Road Maintenance Levy Fund, and Grants from the central Government and Development Partners.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities

Period Ended 30th June 2023

	Less Than 1Month	Between 1-3 Months	Between 3- 12 Months	Over One Year
Due to contractors			54,227,073	
Other Trade Payables	-	529,230	-	-
Staff Creditors	-	-	-	-
Contract Retention	-	-	-	7,740,381
Deferred Income	-	-	-	-
Other Payables	-	310,119	-	-
	-	839,348.95	54,227,073	7,740,381

Year Ended 30th June 2022

	Less Than 1Month	Between 1-3 Months	Between 3- 12 Months	Over One Year
Due to contractors			38,629,061	
Other Trade Payables	-	2,047,724.84	-	-
Staff Creditors	-	347.41	-	-
Contract Retention	-	-	-	7,985,151.98
Deferred Income	-	-	-	-
Other Payables	-	245,807.00	-	-
	-	2,293,879.25	38,629,061	7,985,151.98

b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The Authority is exposed to the following market risks:

(i) Currency Risk

The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.

(ii) Price Risk

Kenya Roads Board collects Kshs. 18 per litre of diesel and petrol imported into the country, 32% of which is disbursed to the Authority. The Authority is exposed to the extent that the levy on diesel and petrol is reduced or eliminated due to changes in the international fuel prices, inflation or other macro indicators.

The Road Maintenance Levy Fund is backed up by an Act of Parliament and changes thereof require approval by Parliament.

(iii) Interest Rate Risk

The Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Authority does not have any borrowings.

c) Credit Risk

The maximum exposure of the Authority to credit risk as at the balance sheet date is as follows:

Period Ended 30th June 2023

	Fully Performing	Past Due Date but not Impaired	Past Due Date and impaired	Total
Advances to Staff	26,574			26,574
Contractors advances	20,173,825			20,173,825
Deposits and Prepayments	85,537			85,537
Other Receivables	742,900			742,900
Cash at Bank	48,310,770			48,310,770
	69,339,606	-	-	69,339,606

Period Ended 30th June 2022

	Fully Performing	Past Due Date but not Impaired	Past Due Date and impaired	Total
Advances to Staff	43,271			43,271
Contractors advances	19,921,388			19,921,388
Deposits and Prepayments	64,223			64,223
Other Receivables	1,558,302			1,558,302
Cash at Bank	44,527,506			44,527,506
	66,114,690	-	-	66,114,690

d) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

The Authority seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- (i) Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- (ii) Requirements for the reconciliation and monitoring of financial transactions;
- (iii) Compliance with regulatory and legal requirements;
- (iv) Documentation of controls and procedures;
- (v) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- (vi) Requirement for the reporting of operational losses and proposed remedial action;
- (vii) Training and professional development;
- (viii) Ethical and business standards; and
- (ix) Risk mitigation, including insurance where it is effective.

Operational risks are managed by the Internal Audit function established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing and mitigating risks in all facets of the business.

e) Compliance and Regulatory Risk

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The Authority has complied with all externally imposed requirements throughout the year.

f) Legal Risk

Legal risks is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the authority, failure to protect the title to and inability to control the rights to assets of the Authority (including intellectual property right), changes in law, or jurisdictional risk.

The Authority manages legal risk through the legal function, legal risk policies and procedures and the effective use of internal controls and external lawyers.

28. Related Parties Balances and Transactions

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Director General and senior managers.

(a) Related party transactions

The following transactions were carried out with related parties during the year.

	2022-2023 Shs'000	2021-2022 Shs'000
(i) Receipt and Transfers		
The Government of Kenya	37,701,914	36,959,142
Kenya Roads Board	26,409,596	27,725,667
	<u>64,111,510</u>	<u>64,684,808</u>
(ii) Directors Emoluments		
Emoluments - Executive directors	11,606	11,008
Emoluments - Non Executive directors	4,798	6,184
Training and filed activities	4,145	14,894
	<u>20,549</u>	<u>32,085</u>

(b) Outstanding balances arising from non-exchange transactions

The following were outstanding balances with related parties as at 30th June 2023

Receivable from related parties	-	-
Payable to related parties	69,090	69,090
Receivables from related parties can be analysed as follows:		
The Government of Kenya	-	-
Kenya Roads Board	-	-
Key management personnel	-	-
	<u>-</u>	<u>-</u>
Payables to related parties can be analysed as follows:		
Key management personnel	69,090	69,090

29. Contingent Assets and liabilities

i) Contingent Liabilities

Due to the uncertainty of the outcome of our Legal cases, it is not practically possible to estimate the resulting liabilities and the effect they are likely to have on the results of the Authority's

operations, financial position or liquidity. Therefore no provision has been made in the financial statements.

	2022-2023 Shs'000	2021-2022 Shs'000
<i>ii) Contingent assets</i>		
Contingent Assets	Shs'000	Shs'000
Advance Guarantees	21,509,582	20,384,746
Performance Guarantee	27,108,035	23,308,035
	<u>48,617,618</u>	<u>43,692,782</u>

30. Capital Commitments

Authorised and contracted for	<u>-</u>	<u>-</u>
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Non-cancellable operating lease rentals are payable as follows:

<i>Operating lease rentals</i>	2022-2023 Jun-22 Shs'000	2021-2022 Jun-21 Shs'000
Non-cancellable operating lease rentals are payable as follows		
Within one year	-	-
Later than one year but within five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The Authority has leased office premises under an operating lease. The lease typically runs for 5 years with an option for renewal. Lease payments are increased accordingly to reflect market rentals. The Authority does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognized in the Statement of Financial Performance.

31. Reconciliation of surplus as per Budget statement and statement of financial performance

	2022-2023
	Jun-23
	Shs'000
Surplus as per statement of Budget and Actual amounts	132,921
Less: Taxation	(762,337)
Add: Transfer of Roadwork Costs to Infrastructure assets	-
Less: Transfer to Development Fund	-
Add: Transfer from Deferred Income	-
	<hr/>
Surplus(Deficit) as per Statement of financial performance	(629,416)

32. Fair value

The directors consider that there is no material difference between the fair value and carrying value of the Authority's financial assets and liabilities, where fair value details have not been presented.

33. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period

34. Ultimate and holding entity

The Authority is a State Corporation under the Ministry of Roads and Transport State Department of Roads. Its ultimate parent is the Government of Kenya.

35. Currency

The financial statements are presented in Kenya Shillings (Kshs.'000).

Appendix 1: Progress On Follow Up Of Auditors Recommendations

The following is the summary of issues that resulted in a qualified opinion of the external auditor on the financial statements for the year 2021/22, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
1.	<p>Unreconciled Development Partner Grants</p> <p>The Statement of financial performance and Note 8 of the financial statement reflects Development Partners Grant Totaling to ksh 520,945,000 in respect to Bank for Economic Development in Africa (BADEA) ksh 476,150,000 and European Union ksh 44,795,000. Review of the project audited accounts revealed “ Gilgil Machinery” Road Project file funded by BADEA revealed that ksh 414,210,668 was disbursed to the Project and ksh 5,000, was disbursed towards German Development Bank (KFW) resulting to unexplained and unreconciled variances of ksh 61,939,332 and Ksh 5,000,000 respectively.</p> <p>In the circumstances, the accuracy of development partner grant amount of ksh 520,945,000 could not be confirmed.</p>	<p><i>Donor Funds are accounted on cash basis while the main accounts are on accrual. This creates timing differences in the treatment of transactions. A Reconciliation of the differences has been resubmitted</i></p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
2	<p>Road Maintenance Levy Fund (RMLF)</p> <p>The Statement of financial Performance and Note 12 to the financial statements reflects road works expenditure totaling to ksh 40,197,725,000. Included in this expenditure is RMLF 22% constituency Roads Fund of ksh 7,950,824,000 while the trial balance provided for audit review reflected an amount of ksh 7,892,511,000 resulting to a variance of ksh 58,313,000 which was not reconciled .</p> <p>Further, the Expenditure of ksh 7,950,824,000 under constituency roads fund and ksh 3,994,932,000 on critical link roads against road maintenance levy of ksh 7,510,716,000 and ksh 3,329,411,000 respectively, resulting to over expenditure of ksh 440,108,000 and ksh 665,521,000 was not explained or supported. In addition, the basis for the allocation among the specific funds was not provided.</p> <p>In the circumstances , the accuracy of the RMLF 22% constituency Roads Fund amount of ksh 7,950,824,000 and road maintenance levy fund expenditure of ksh 870,813,000 could not be confirmed.</p>	<p>Auditors observations are noted. This difference of represented under Road Works Force Account GL 9000100 of ksh 58,312,969.97 Our Regional offices execute works under force account. This is normal reported as part of 22% Roads Works because the funding source in 22%.</p> <p>The Authority does roll over funds from the previous periods. Therefore the current periods expenditure may not match the current review.</p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
3	<p>Donor Funded Projects</p> <p>The statement of financial performance and Note 12 to financial statement reflects road works expenditure totaling to ksh 40,197,725,0000. Included in the road works expenditure totaling to ksh 40,197,725,000 is an amount of ksh 870,813,000 under Donor Funded Projects. However ,review of financial records under the prjects revealed that ksh 4141,210,670., ksh 44,974,887 and Ksh 5,000,000 was disbursed to BADEA. EU and KFW projects respectively all totaling to ksh 464,627,443 resulting to an explained and unsupported variance of ksh 406,627,443 . In addition . the corresponding revenue for Gemran Develpomet Bank (KFW) was not captured in the statement of financial performance. In the Circumstances, the accuracy of Donor funded projects of ksh 870,813,000 could not be confirmed.</p>	<p>Auditors comments are well noted. Management would like clarify that the main financial takes in to account accrued road works GOK counterpart portion not yet funded by GOK while the Donor funded Reports are accounted for on Cash Basis. Reconciliations for the Various General Ledger (GL) for the various funds have been attached.</p>	Director General	Resolved	
4	<p>GoK Spot Improvement Funds</p> <p>Included in the road works expenditure of Kshs.40,197,725,000 is an amount of Kshs.18,072.580,000 incurred under GoK Spot Improvement Funds. However, review of records revealed that Kshs.17,799,054,000 was received under this item resulting in an under funding of Kshs.273,526,000. Further, expenditure analysis provided resulted to an amount of Kshs.18,075,429,682 as analyzed below resulting to a variance of Kshs.2,849,682 which was not explained or supported</p>	<p><i>Auditors comments are well noted. Appropriate analysis requested are hereby attached together with the schedules.</i></p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
5.	<p>Expenditure of Overheads from Bill One Deductions</p> <p>Analysis of expenditure shows that a total of Kshs.4,197,279,000 was spent on overheads out of which Kshs.804,082,000 was financed by Kenya Roads Board Overheads allocation and Kshs.3,393,197,000 financed by bill one deductions from contracts. It was further noted that Kshs.2,953,523,000 from bill one was used to finance office operational cost which were non-roads related expenditure. It was also noted that the Authority reported a surplus of Kshs.2,706,634,000 which was financed from bill one expenditure of Kshs.2,953,523 000 as shown in the table below;</p>	<p><i>Auditors comments are noted. The authority has continued to utilize its allocation for operations appropriately and wish to clarify as follows:</i></p> <p><i>-The Authority's overhead/operations budget for the period was ksh 5,544,366 and Utilized 4,197,279,000 as indicated in our financials. This is within the budget estimates for operations.</i></p> <p><i>-Bill one for various projects are used for supervision purposes for the specific projects and expensed against roadworks because of inadequate overheads budget allocation from KRB.</i></p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
6.	<p>Unsupported Security Expenses The statement of financial performance and Note 16 to the financial statements reflects other operating costs totalling to Kshs.1,174,613,000 . Included in this amount is an expenditure of Kshs.111,091,000 incurred on security of which an amount is Kshs.45,457,960 paid for arbitration proceedings between the Authority and a security firm. No explanation was provided on why the expenditure was not charged under legal fees. Review of records indicated that security services pending bill for security firm amounted to Kshs.27,500,000. The basis for the payment of Kshs.45,457,960 was not provided.</p> <p>In addition, included in the security expenditure of Kshs.111,091,000 is a payment of Kshs.7,004,804 made to another security firm being claim as a result of reconciliation of previous payments. No analysis indicating previous payments was provided for audit verification as indicated in KeRRA Internal Memo Letter Ref. No: KeRRA/02/3/38/Vol.5(11) dated 16 November, 2021. The full contract agreement was also not provided for audit. Further, the security firm had no security pending bills as per the budget. In the circumstances, the validity of security payments totalling Kshs.52,462,764 could not be confirmed</p>	<p><i>-The Payment was for an arbitration decision in favour of Total Security for security services offered the Authority.</i> <i>-Total Security requested for the Payment to be made directly to the Lawyer Nyaanga and Mughisa Advocates (Copy Attached)</i> <i>Babs Security- Payments were made under demand Notice copies attached for your review</i></p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
7.	<p>Unsupported Foreign Travel by Non -Executive Directors The statement of financial performance and Note 13 reflects Directors' costs amount of Kshs.32,085,000 This amount constitutes executive and non-executive directors' costs of Kshs.11,008,000 and Kshs.21,078,000 respectively. Included in the non-executive directors' costs of Kshs.21,078,000 is an amount of Kshs.9,483,878 incurred on foreign travel and subsistence but charged under subsistence local expenses. Further, the expenditure on foreign travel to Turkey of Kshs.2,969,007, South Africa of Kshs.1,625,912 and Israel of Kshs.4,888,958 was not supported with boarding passes and approved work plans as evidence that the journeys had been factored in the work plans. In addition, the expenditure exceeded the directors oversees travel budget of Kshs.1,198,000.</p> <p>In the Circumstances , the accuracy and validity of non-executive balance of ksh 21,078,000 could not be confirmed.</p>	<i>Management has provided the support for foreign Travel for your review</i>	Director General	Resolved	
8.	<p>Unreconciled Employment Costs The statement of financial performance reflects employment costs totalling to Kshs.2,821,451,000 which includes salaries and wages totaling to Kshs.1,881,261,000. Included in the amount is Kshs.6,617,168 paid to interns engaged during the year. Scrutiny of the approved interns' payroll for the month of April, 2022 revealed inconsistencies between the interns' payroll and the payroll reconciliation</p>	<i>The actual payslips and amount paid were correct. There were however system inaccuracies in the reports generated which have since been corrected. A copy of the Intern Payroll summary report has been attached for your review</i>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
9.	<p>Cash and Cash Equivalents</p> <p>The statement of financial position and as disclosed in Note 18 to the financial statements reflects cash and cash equivalents balance of Kshs.44,527,506,000. Review of bank reconciliation statements in respect of RMLF Operations Account, Salaries Account and Roadworks account under Headquarters revealed unrepresented cheques which had gone stale amounting to Kshs.25,648,898, Kshs.1,308,690 and Kshs.736,145 respectively.</p> <p>Further, analysis provided under summary of cash and bank balances in KeRRA head office reflects 3 bank accounts with cumulative retention funds of Kshs.2,604,405,029 as at 30 June, 2022. However, Note 24 to the financial statements reflects contract retention totaling to Kshs.7,985,152,000 as at the same date. The variance of Kshs.5,380,746,971 was not explained or reconciled.</p> <p>In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.44,527,506,000 could not be confirmed</p>	<p>Auditors comments are well noted.</p> <p>Appropriate corrective action on all the outstanding items in the reconciliation have been undertaken in the subsequent financial period. Current Reconciliations for the various account have been attached for your review</p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
10	<p>Long Outstanding Staff Advances</p> <p>The statement of financial position as at 30 June, 2022 reflects receivables from non-exchange transaction balance of Kshs.1,665,795,000 which includes; advances to staff of Kshs.43,271,000, deposits and prepayments of Kshs.64,223,000 and other receivables of Kshs.1,558,302,000. Advances to staff consists of staff imprest of Kshs.40,676,791 and staff advances of Kshs.2,594,154 totalling Kshs.43,270,945 which has not been recovered. Some of these advances date back to the year, 2019.</p> <p>In the circumstances, the recoverability of staff advances of Kshs.43,271000 could not be confirmed.</p>	<p><i>Auditors comments are noted . Staff imprest of ksh 40,676,791.00 relate to the Authority's 747 staff. The Imprest continue to be surrendered by staff and where necessary recovery measures have been instituted against staff where communication is received that the activity was not undertaken.</i></p> <p><i>Staff Advances of ksh 2,594,154.45 are at various stages of recovery and have been recovered in full in the subsequent financial year.</i></p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
11	<p>Failure to Revalue Fully Depreciated Fixed Assets in Use</p> <p>Fixed assets amounting to Kshs.819,328,471 included in the Authority's asset register were fully depreciated, still in use and had not been revalued.</p> <p>This is contrary to Paragraph 49 of the International Public Sector Accounting Standard (IPSAS) No.17 on property, plant and equipment, which provides for revaluation of property plant and equipment every three to five years.</p> <p>In the circumstances, the fair valuation of the fully depreciated property, plant and equipment with a cost of Kshs.819,328,471 could not be confirmed.</p> <p>Lack of Roads Inventory</p> <p>The statement of financial position and as disclosed at Note 22 to the financial statements reflects road infrastructure assets balance of Kshs.124,175,119,000 comprising of a balance brought forward of Kshs.118,640,409,000 and transfer from work in progress of Kshs.5,534,710 during the year. However, Management did not provide an inventory of the roads under the Authority.</p> <p>In the circumstances, the accuracy, completeness and validity of roads infrastructure assets totalling to Kshs,124,175,119,000 could not be confirmed</p>	<p><i>Auditors comments are noted. Auditors comments are noted.</i></p> <p><i>The authority shall budget for revaluation of fully depreciated assets to be carried out in the subsequent financial year and derecognize fully depreciated assets where applicable.</i></p> <p><i>Auditors comments are noted. Auditors comments are noted.</i></p> <p><i>The authority shall budget for revaluation of fully depreciated assets to be carried out in the subsequent financial year and derecognize fully depreciated assets where applicable.</i></p>	Director General	Not Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
12	<p>Unsupported Payables</p> <p>The statement of financial position reflects payables balance of Kshs.49,006,015,000 as disclosed at Note 24 to the financial statements which includes current payables from exchange transactions balance of Kshs.41,020,863,000 and non-current payables from exchange transactions balance of 7,985,152,000.</p>	<p><i>Auditors comments are noted. payables in the ledgers have been resubmitted for your review</i></p>	Director General	Resolved	
13	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects actual expenditure amount of Kshs.63,677,934,000 against final expenditure budget of Kshs.81,004,390,000 resulting in an under-expenditure of Kshs.17,326,456 or 21% of the budget. Further, it was noted that the capital expenditure was not included in the budget. In addition, approvals for the over expenditure in respect of road works cost – maintenance and employment costs of Kshs.156,998,000 and 17,835,000 respectively were not provided. The under expenditure affected the planned activities and may have impacted negatively on road infrastructure delivery to the public.</p>	<p><i>Auditors comments are noted. The Authority rolls road works committed already funded from the previous Financial year and executed in the current Financial year.</i></p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
14	<p>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</p> <p>Failure to Adhere to a Third Gender Rule</p> <p>An analysis of the staff bio data provided for audit revealed that out of seven hundred and forty-eight (748) staff, there were five hundred and twenty-five (525) male and two hundred and twenty-three (223) female. The number of women were therefore below a third of the total number of staff contrary to the requirements of Article 27 (8) of the Constitution which stipulates that not more than two thirds of the members shall be of the same gender.</p> <p>Management was in breach of the law.</p>	<p><i>This is a legacy issue and the Authority continues to work towards compliance of the 1/3 gender rule in its operations, appointments and training</i></p>	Director General	Not Resolved	
15	<p>Violation of a Third Rule of Basic Pay</p> <p>An analysis of the payroll for the month of April, 2022 revealed that 45 employees had net salary way below a third of their basic pay which is contrary to the Authority's Human Resource Policy and Procedures Manual. This exposes staff to pecuniary embarrassment.</p> <p>Management did not comply to the entity's Human Resource Policy and Procedures manual</p>	<p><i>Auditors comments are noted. Human Resource department has communicated to the affected staff requested them to restructure their pay slip to comply with the a third rule</i></p>	Director General	Not Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
16	<p>Delayed Completion of Projects</p> <p>Review of projects records provided revealed that in the financial year under audit, a total of thirty-one (31) new contracts were awarded on different dates, with total contract cost of Kshs.46,715,868,748. Further, there were 91 projects awarded between April, 2016 and September, 2020 with a total contract cost of Kshs.180,656,714,960 of which advance payments totalling to Kshs.16,198,531,681 had been paid as at 30 June, 2022.</p>	<p><i>Auditors comments are noted. The Authority continues to experience challenges funding development projects due to inadequate budgetary allocation and delayed exchequer releases. This has impacted on the progress these projects.</i></p>	Director General	Resolved	
17.	<p>Ting'a – Igena – Itambe Road (Nyamira County)</p> <p>The works were , not fully complete and the outstanding retention amount of Kshs.727,876 may not be able to cover for the costs</p>	<p><i>Certificate paid for the project was an Interim Payment Certificate. Inspection and acceptance report are done after a substantial completion of the road.</i></p> <p><i>- Handing over and completion certificate are only issued after substantial inspection or end of Defects Liability Period.</i></p> <p><i>- Retention money is used to address any defection during the Defects Liability Period.</i></p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
18.	<p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS ,RISK MANAGEMENT AND GOVERNANCE</p> <p>Lack of an Annual Training Plan</p> <p>Included in the employment costs amount of Kshs.2,821,451,000 is an amount of Kshs.183,945,000 incurred under training and development in the year under review. It was noted that during the year under review, employees were sponsored for various training by the Authority. However, the Authority did provide an approved annual training plan to justify the expenditure.</p>	<p><i>The Authority carried out Skills Gap Training and Needs analysis which it draws heavily on its training directions in terms of enhancing and equipping the staff. The Authority will endeavor to ensure that the training plan is prepared on time. With the ERP through the employee self service portal once rolled off the staff will be able to share their training requests on time and enable the committee deliberate and onward submissions to the Director General.</i></p>	Director General	Resolved	
19	<p>Lack of an Updated Fixed Asset Register</p> <p>Management did not maintain an Updated fixed asset register as at 30 June, 2022, as required by Section 143 (1) of the Public Finance Management Act (National Government) which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession</p>	<p>Auditors comments are noted. The Authority continues to implement its ERP system and the Asset Module is expected to be upgraded to comply with statutory requirements</p>	Director General	Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
20	<p>Unsupported Reversals in the Ledgers</p> <p>A review of the ledgers provided shows that a total of 1,147 transactions reversals were effected during the period under review. However, there were no documentation provided showing approval of the reversals.</p> <p>Under the circumstances, the entity is exposed to unauthorized transactions which could affect the accuracy of the financial statements.</p>	<p><i>Auditors comments are noted. The Authority has incorporated workflows for error correction entries in the ERP system and now have provision for preparer ,approver and attachment of documents in ERP</i></p>	Director General	Resolved	

Appendix II: Development Partners Projects Implemented By The Authority

Project No.	Project Title	Development Partner	Development Partners Commitment	Separate Donor reporting Required	Consolidated in the financial statements
EUROPEAID/134053/IH/WKS/KE	Contracts For The Rural Roads Project In Eastern Region Of Kenya	EU	Euros 14,850,000	Yes	Yes
CREDIT NO. BMZ: 200765123	Improvement Of Rural Roads And Market Infrastructure In Western Kenya	KFW	Euros 9,000,000	Yes	Yes
CREDIT NO. CKE 101201B AND 1046 01J	Central Kenya Rural Roads Improvement And Maintenance Project	AFD	Euros 74,000,000	Yes	Yes
	Upgrading of “Gilgil Machinery” Road Project.	BADEA	USD 11,000,000	Yes	Yes

Appendix III: Inter Entity Transfer

Particulars		Date Received as per Bank Statement	Balance for Prior Year(2020/2021)	Current Year 2021-2022	Total received during the year 2021/2022	FY to which the amount relates
A. 22% ROAD MAINTENANCE LEVY FUND						
					-	2022/2023
KRB/DG/FIN/3/A/VoLVI(38)		29/Dec/22		3,740,200,918.00	3,740,200,918.00	2022/2023
KRB/DG/FIN/3/A/VoLVI(59)		2/Mar/23		3,740,200,918.00	3,740,200,918.00	2022/2023
KRB/DG/FIN/3/A/VoLVI(59)		2/Mar/23		3,740,200,918.00	3,740,200,918.00	2022/2023
KRB/DG/FIN/3/A/VoLVI(61)		16/Mar/23		1,131,870,000.00	1,131,870,000.00	2022/2023
					-	2022/2023
Total 22% RMLF			-	12,352,472,754.00	12,352,472,754.00	
B. 10% RMLF CRITICAL LINKS						
KRB/DG/FIN/3/A/VoLVI(61)		16/Mar/23		3,915,000,000.00	3,915,000,000.00	2022/2023
					-	2022/2023
Total RMLF-10% - Critical Links			-	3,915,000,000.00	3,915,000,000.00	
C. RMLF CS AND OTHER ALLOCATION						
KRB/DG/FIN/3/A/VoLVI(32)		17/Nov/22		2,036,857,327.00	2,036,857,327.00	2022/2023
KRB/DG/FIN/3/A/VoLVI(41)		23/Dec/22		119,635,000.00	119,635,000.00	2022/2023
KRB/DG/FIN/3/A/VoLVI(11)		24/Dec/22		10,717,240.00	10,717,240.00	2022/2023
KRB/DG/FIN/3/A/VoLVI(38)		28/Dec/22		2,691,319,000.00	2,691,319,000.00	2022/2023
KRB/DG/FIN/3/A/VoLII(75)		28/Dec/22		489,990,000.00	489,990,000.00	2022/2023
KRB/DG/FIN/3/A/VoLII(89)		10/Feb/23		1,336,766,000.00	1,336,766,000.00	2022/2023
KRB/DG/FIN/3/A/VoLVI(59)		2/Mar/23		1,700,091,327.00	1,700,091,327.00	2022/2023
KRB/DG/FIN/3/A/VoLVI(61)		16/Mar/23		1,756,747,571.00	1,756,747,571.00	2022/2023
Total RMLF-10% - Cabinet Secretary Allocation			-	10,142,123,465.00	10,142,123,465.00	
D.RMLF GOK Projects						
KeRRA /08/VoL8/(1015)					-	
MOTIHUD & PW/A/14.21/C/VOL11/(7)					-	
MOTIHUD & PW/A/14.21/C/VOL13/(47)					-	
Total Overheads Funds			-	-	-	
TOTAL RMLF FUNDS	Cash Request		-	26,409,596,219.00	26,409,596,219.00	
E. GOK EXCHEQUER FUNDS						
	1	30-Sep-22		1,488,402,940.00	1,488,402,940.00	2022/2023
	2	30-Sep-22		1,213,458,179.00	1,213,458,179.00	2022/2023
	3	30-Sep-22		1,006,535,112.00	1,006,535,112.00	2022/2023
	4	30-Sep-22		136,250,000.00	136,250,000.00	2022/2023
	5	30-Sep-22		144,332,356.00	144,332,356.00	2022/2023
	6	24-Jan-23		745,947,837.00	745,947,837.00	2022/2023
	7	24-Jan-23		833,860,670.00	833,860,670.00	2022/2023
	8	24-Jan-23		750,208,083.00	750,208,083.00	2022/2023
	9	10-Feb-23		1,081,500,000.00	1,081,500,000.00	2022/2023
	10	10-Feb-23		985,342,836.00	985,342,836.00	2022/2023
	11	10-Feb-23		849,150,000.00	849,150,000.00	2022/2023
	12	27-Jun-23		400,000,000.00	400,000,000.00	2022/2023
	13	27-Jun-23		984,238,000.00	984,238,000.00	2022/2023
	14	27-Jun-23		1,720,500,000.00	1,720,500,000.00	2022/2023
	15	27-Jun-23		2,696,500,000.00	2,696,500,000.00	2022/2023
	16	29-Jun-23		1,249,000,000.00	1,249,000,000.00	2022/2023
	17	29-Jun-23		1,719,500,000.00	1,719,500,000.00	2022/2023
	18	29-Jun-23		1,696,500,000.00	1,696,500,000.00	2022/2023
	19	27-Jun-23		1,798,000,000.00	1,798,000,000.00	2022/2023
	20	27-Jun-23		673,907,500.00	673,907,500.00	2022/2023
	21	27-Jun-23		745,707,500.00	745,707,500.00	2022/2023
	22	25-Jun-23		2,940,685,156.00	2,940,685,156.00	2022/2023
	23	25-Jun-23		3,233,664,167.00	3,233,664,167.00	2022/2023
	24	25-Jun-23		676,792,512.00	676,792,512.00	2022/2023
	25	27-Jun-23		1,786,500,000.00	1,786,500,000.00	2022/2023
	26	27-Jun-23		376,201,243.00	376,201,243.00	2022/2023
	27	27-Jun-23		1,566,278,851.00	1,566,278,851.00	2022/2023
	28	27-Jun-23		925,959,841.00	925,959,841.00	2022/2023
	30	4-Jul-23		192,000,000.00	192,000,000.00	2022/2023
	40	15-Jul-23		20,000,000.00	20,000,000.00	2022/2023
LVS And Conventional Annuity Funds				34,636,922,783.00	34,616,922,783.00	-
Intex RAF Invoice 17		29-Jul-22		851,786,735.40	851,786,735.40	2022/2023
Consultant-LEA Associates-Invoive 44		22-Aug-22		7,785,089.00	7,785,089.00	2022/2023
Intex RAF Invoice 18		18-Nov-22		784,437,005.50	784,437,005.50	2022/2023
Consultant-LEA Associates-Invoive 01		13-Dec-22		8,742,050.00	8,742,050.00	2022/2023
Intex RAF Invoice 19		3-Feb-23		796,875,939.15	796,875,939.15	2022/2023
Consultant-LEA Associates-Invoive 02		3-Feb-23		8,219,284.00	8,219,284.00	2022/2023
Consultant-LEA Associates-Invoive 03		3-Feb-23		8,998,712.00	8,998,712.00	2022/2023
Consultant-LEA Associates-Invoive 04		16-Mar-23		8,831,254.00	8,831,254.00	2022/2023
Consultant-LEA Associates-Invoive 05		14-Apr-23		9,655,527.00	9,655,527.00	2022/2023
Consultant-LEA Associates-Invoive 06		6-Jun-23		9,626,368.00	9,626,368.00	2022/2023
Consultant-LEA Associates-Invoive 07		29-Jun-23		9,742,109.00	9,742,109.00	2022/2023
Consultant-LEA Associates-Invoive 45		29-Jun-23		9,391,073.00	9,391,073.00	2022/2023
Intex RAF Invoice 20		7-Jul-23		550,900,319.00	550,900,319.00	2022/2023
Total Annuity Funds			-	3,064,991,465	3,064,991,465	
Total GOK Exchequer Funds			-	37,701,914,248	37,681,914,248	
F. DEVELOPMENT PARTNERS						
AFD-GOK Counter Part					-	
Total Development Partners				-	-	
TOTAL FUNDS RECEIVED			-	64,111,510,467	64,091,510,467	



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