

REPUBLIC OF KENYA



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REPORT

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OF	Hon Naomi Waco, MP Deputy majority whip
TABLE:	For lays

THE AUDITOR-GENERAL

ON

KENYA ROADS BOARD FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**



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KENYA ROADS BOARD FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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

KENYA ROADS BOARD FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2023

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KENYA ROADS BOARD FUND
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Our Vision:

An efficient road network for a prosperous nation

Our Mission:

To oversee and coordinate road maintenance, rehabilitation, and development through optimal utilization of the Fund for a sustainable road network.

Our Core Values:

The board's core values constitute the fundamental beliefs that drive it. These beliefs define expected standards of behavior and culture aimed at propelling the board in pursuit of its vision and to accomplish its mission. These beliefs follow Chapter Six (6) of the Constitution of Kenya, 2010 and shall form the institution's backbone in observing national values and principles of governance. The implementation of this Strategic Plan shall be driven by four (4) core values namely: Excellence, Integrity, Inclusiveness, and Innovation with the following commitments:

- i. ***Excellence*** - We shall strive and commit to high standards of professional competence, passion for quality, and uphold customer focused service delivery as we embrace continuous improvement.
- ii. ***Integrity*** - We are committed to ensure responsibility, transparency, accountability and good governance in resource management and service delivery to the Kenyan people.
- iii. ***Inclusiveness*** - We shall embrace inclusiveness and promote diversity in the Board and ensure adherence to Constitution of Kenya, 2010 requirements on gender, disability, and minorities, among others.
- iv. ***Innovation*** - We are committed to fostering an enabling environment that encourages innovation, creativity, and continuous learning to achieve efficiency and effectiveness in service delivery.

ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

KRB – Kenya Roads Board

KeNHA – Kenya National Highways Authority

KURA – Kenya Urban Roads Authority

KeRRA – Kenya Rural Roads Authority

KWS – Kenya Wildlife Service

RICS – Road Inventory & Condition Survey

RSIP – Road Sector Investment Programme

APRP – Annual Public Roads Programme

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KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information:

Kenya Roads Board (KRB) is a state body corporate established under Chapter 408 of the Laws of Kenya 'Kenya Roads Board Act' which came into effect under Legal Notice No. 7 of 1999. The Board was established in accordance with the Chapter 446 (State Corporations Act) of the Laws of Kenya, which is '*An Act of Parliament to make provision for the establishment of state corporations: for control and regulation of state corporations; and for connected purposes.*'

The Board is domiciled and operates within the Republic of Kenya. The registered office is as set out on this report.

b) Principle Activity:

As stipulated in the Kenya Roads Board Act, 1999 "*The object and purpose for which the Board is established is to oversee the road network in Kenya and coordinate the maintenance, rehabilitation and development funded by the fund and to advise the Minister responsible for matters pertaining to roads on all matters related thereto.*"

c) Specific Mandates:

The mandates of KRB are provided for in the Kenya Roads Board Act, No. 7 of 1999 as hereunder:

- (a) *'Coordinate the optimal utilization of the Fund in implementation of programmes relating to the maintenance, rehabilitation and development of the road network;*
- (b) *seek to achieve optimal efficiency and cost effectiveness in roadworks funded by the Fund;*
- (c) *manage the Fund;*
- (d) *based on a five-year road investment programme approved by the Minister and the Minister for Finance, determine the allocation of financial resources from any other source available to the Board required by road agencies for the maintenance, rehabilitation, and development of the road network to ensure that the allocation of funds is pegged to specific categories of roads and that not less than*
 - (i) *twenty two percent (22%), which shall be deposited into a special bank account to be called Constituency Road Fund Account to be maintained by every constituency of monies from the Fund is allocated equally to all Constituencies in the country to be administered by the Rural Roads Authority;*
 - (ii) *ten percent (10%) of the monies from the Fund is allocated for the maintenance or development of link roads between constituencies and to serve as Government counterpart funds in funding works on rural roads, to be administered by the Kenya Rural Roads Authority and that the said per centum shall be equally distributed to the constituencies where Kenya Rural Roads Authority has the mandate.*

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- (iii) forty percent (40%) of the monies from the Fund is allocated in respect of the national roads to be administered by the National Highways Authority;*
- (iv) fifteen percent (15%) of the monies from the Fund is allocated in respect of the Urban Roads Authority;*
- (v) one percent (1%) of the monies from the Fund is allocated in respect of roads in national parks and reserves to be administered by the Kenya Wildlife Service, and*
- (vi) a maximum of two percent (2%) of the monies from the Fund is allocated in respect of recurrent expenditure of the Board under section 31(5).*
- (e) ensure that the remainder of the monies from the Fund (10%) described in paragraph (d) shall be allocated annually by the Board with the approval of the Minister to road investment programme derived from the five-year road investment programme approved by the Minister responsible for roads and the Minister for Finance.*
- (f) ensure that a maximum of ten percent (10%) of all monies allocated to each road agency is utilized for development purposes by the said agency*
- (g) monitor and evaluate, by means of technical, financial and performance audits, the delivery of goods, works and services funded by the Fund;*
- (h) in implementing paragraph (g), pay due regard to public procurement and disposal regulations and additional guidelines issued or approved by the Minister;*
- (i) recommend to the Minister appropriate levels of road user charges, fines, penalties, levies, or any sums required to be collected under the Road Maintenance Levy Fund Act, 1993 and paid into the Fund.*
- (j) recommend to the Minister such periodic reviews of the Fuel Levy as are necessary for the purposes of the Fund, and*
- (k) identify, quantify and recommend to the Minister such other potential sources of revenue as may be available to the Fund for the development, rehabilitation and maintenance of roads.'*

d) Key Management:

The entity's day-to-day management is under the following key organs:

- Board of Directors
- Accounting officer/ Director General
- Executive Committee of Management (ExCom)

e) Fiduciary Management:

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

1. Director General - Rashid Mohamed, MBS
2. Director, Finance & Finance Management - CPA Martin Agumbi
3. Director, Policy & Planning - Eng. Tom Omai
4. Director, Highways - CPA Paul Kibet
5. Director, Corporate Services - Mr. Hamoud M. Mguza
6. Director, Urban & Park - Eng. Isaac Maina
7. Director, Rural & County - Eng. Wilson Kosgey

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8. Deputy Director, Internal Audit & Assurance – CPA James Mugoh
9. Deputy Director, Legal Services – Ms. Catherine Kassim
10. Deputy Director, Supply Chain Management – Mr. Isaack Ibrahim

f) Fiduciary Oversight Arrangements:

The following committees provide fiduciary oversight over the management and activities of the Board;

1. Audit and Risk Management Committee of the Board
2. Finance Committee of the Board
3. Technical Committee of the Board
4. Human Resources and Management Committee of the Board
5. Executive Committee of Management (Ex-COM)

g) Financial Statements:

Kenya Roads Board was established by the KRB Act No. 7 of 1999 which states as follows;

Section 4 (1): *“There is established a Board to be known as the Kenya Roads Board.”*

Section 6 (2) (a): *“Without prejudice to the generality of subsection (1), the Board shall – manage the Fund;”*

The KRB Act No. 7 of 1999 also establishes the Kenya Roads Board Fund as follows;

Section 31 (1): *“There is established a Fund to be known as the Kenya Roads Board Fund which shall vest in the Board.”*

Section 31 (2): *“There shall be paid into the Fund –*
(a) all proceeds from the Road Maintenance Levy Fund;
(b) such moneys or assets as may accrue to or vest in the Board in the course of the exercise of its powers or the performance of its functions under this Act or under any other written law;
(c) such sums as may be payable to the Board pursuant to this Act or any other written law, or pursuant to any gift or trust;
(d) all moneys from any other source provided for or donated or lent to the Board;
(e) such monies as may be appropriated by the National Assembly for the development, maintenance and rehabilitation of roads. (a) all proceeds from the Road Maintenance Levy Fund;”

These Financial Statements are presented in respect of all monies accruing to the Kenya Roads Board Fund as stipulated by Section 84 (1) of the Public Finance Management Act, No. 18 of 2012.

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Section 84. (1): *“The administrator of a national public fund established by the Constitution, or an Act of Parliament shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board”.*

Section 31 (4) of the KRB Act provides that *“There shall be paid out of the Fund any expenditure incurred by the Board in the exercise of its powers or the performance of its functions under this Act. This expenditure is presented as part of the Financial Statements.*

h) Registered Office/Headquarters & Contacts:

Kenya Re-Towers, 3rd Floor
Off Ragati Road, Upper Hill
P.O. Box 73718- 00200, City Square
NAIROBI, KENYA

Tel. No.: 4980000, 2722865/6
Fax No.: 254-020-2723161
Website: www.krb.go.ke
E-mail address: info@krb.go.ke

i) Principal Bankers:

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000-00200,
NAIROBI, KENYA

Citibank N.A
Citibank House, Upper Hill
P.O Box 30711-00100, GPO
NAIROBI, KENYA

j) Independent Auditors:

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084, GPO 00100
Nairobi, Kenya

k) Principal Legal Adviser:



The Attorney General
State Law Office, Harambee Avenue
P.O. Box 40112, City Square 00200
Nairobi, Kenya

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THE BOARD OF DIRECTORS

The Board draws representatives from public and private stakeholders as set out in Section 7 of the Kenya Roads Board Act, 1999.

Board members in FY 2022/2023 include the following: -

Representative	Organization
 <p data-bbox="316 1099 651 1173">Hon. Ahmed Kolosh <i>Appointed on 5th April 2023</i></p>	<p data-bbox="884 651 1299 725">Chairman, Kenya Roads Board Kenya Transporters Association</p>
 <p data-bbox="316 1749 695 1823">CPA. Rashid Mohamed, MBS (Director General)</p>	<p data-bbox="884 1227 1139 1263">Kenya Roads Board</p>

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Eng. Joseph M. Mbugua

PS, State Department of Roads
Ministry of Roads & Transport



Dr. Chris Kiptoo, CBS




PS, The National Treasury






Teresia Mbaika Malokwe

PS, State Department for Devolution -
Ministry of Devolution


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 <p>Abdi Dubat Fidhow</p>	<p>PS, State Department for EAC, Ministry of EAC ASALs & Regional Development</p>
 <p>Mohamed Daghar</p>	<p>PS, State Department for Transport - Ministry of Roads & Transport</p>
 <p>Eng. John Nyaguti <i>Retired on 11th June 2023</i></p>	<p>Member Institution of Engineers of Kenya</p>

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 <p>Mr. Wilson Ndirangu Kamau <i>Retired on 11th June 2023</i></p>	<p>Member Institute of Surveyors of Kenya</p>
 <p>Mr. Francis Theuri <i>Appointed on 5th August 2022</i></p>	<p>Member Automobile Association of Kenya</p>
 <p>Ms. Phyllis Wakiaga <i>Appointed on 5th August 2022</i></p>	<p>Member Kenya Association of Manufacturers</p>


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	<p>Member Institute of Certified Public Accountants</p>
<p>CPA Charles Tirok <i>Retired on 11th June 2023</i></p>	

Alternate Board members in FY 2022/2023 include the following:

Alternate Representative	Organization
Mr. Abednego Etyang	State Department of Roads - Ministry of Roads & Transport
<p>Mr. Jackson Mwangi <i>Appointed on 20th Dec 2022</i></p> <p>Dominic Yegon Kiplangat <i>Served up to Dec 2022</i></p> <p>James Mwanzia <i>Served up to 31st July 2022</i></p>	State Department for Devolution - Ministry of Devolution
Mr. Julius Mwabu	State Department for EAC - Ministry of EAC, ASALS and Regional Development
Mr. Paul King'ori	State Department of Transport - Ministry of Roads & Transport
Mr. Badu Sora Katelo <i>Served up to February 2023</i>	The National Treasury

KEY MANAGEMENT TEAM

<u>Name</u>	<u>Profile</u>
 <p data-bbox="268 869 518 936">R. Mohamed, MBS <i>Director General</i></p>	<p data-bbox="810 369 1417 952">The Director General holds a Master’s in Business Administration from Oxford University, United Kingdom, and a Bachelor of Commerce from the University of Nairobi. He is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK) and has served in the Council of ICPAK. The Director General joined the Board as a Financial Controller and was appointed the Director Finance in 2008 on return from the University of Oxford. He briefly served as the inaugural Director Corporate Services in Kenya National Highways Authority and was instrumental in setting up the institution during its formative years.</p> <p data-bbox="810 981 1417 1422">The Director General has over 25 years managerial experience in finance in both public and private sector institutions and has been engaged in public policy and governance matters. He is a highly respected thought leader with exposure in advocacy, strategy, risk management, private equity, and resource mobilization initiatives. He was recognized for his exemplary service to the nation and conferred with the prestigious Moran of the Order of the Burning Spear (MBS) award.</p> <p data-bbox="810 1451 1417 1601">The Director General is also involved in various social enterprise initiatives in Northern Kenya targeting the youth and women.</p>

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 <p>CPA Martin Agumbi <i>Director - Finance & Fund Management</i></p>	<p>CPA Martin Agumbi holds a Bachelor of Commerce from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>CPA Martin has over 20 years' experience in financial management, audit, financial reporting, Strategic Planning, and budgeting, gained in both the Public and Private sectors.</p> <p>CPA Martin has attended leadership programmes in Strategic Development, Enterprise Risk Management, Ethics & Governance and Performance Budgeting.</p> <p>Prior to joining the Board, CPA Martin worked for leading Audit & Accounting Firms in the region.</p>
 <p>Eng. Tom Omai <i>Director - Policy & Strategy</i></p>	<p>Eng. Omai holds a Masters in Project Planning & Management and a Bachelor of Science in Civil Engineering both from the University of Nairobi. He is a registered profession engineer with the Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya.</p> <p>Eng. Omai has over 15 year's practical experience in Strategic Planning, Project management, Performance Based Contracting, Procurement of Roadworks and services, Highway designs and management using computer aided tools and Road Management Systems, Roadworks Cost Estimation Systems, Road Transport Policy formulation and Research & Development.</p> <p>Prior to joining the Board in 2015, Eng Omai worked in the Ministry of Roads, Kenya Urban Roads Authority and Machakos County Government.</p> <p>Eng. Omai is actively involved in community work and is the current patron of Kenyaware Pirates Football Club, Nyamira County.</p>

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CPA Paul Kibet
 Director, Highways

CPA Kibet holds an MBA and Bachelor of Commerce Degree from the University of Nairobi. He is a CPA and member of ICPAK.

CPA Kibet joined the Board November 2009. Prior to joining the Board, he was the Head of Internal Audit at Kenya Medical Research Institute (KEMRI), where his main role was providing audit and assurance services to the Institute. Kibet has also worked with the Office of the Auditor General where he was responsible for various audit portfolios.

CPA Kibet has a wealth of audit work experience spanning over 23 years in the public sector. These includes audit assurance, risk management, monitoring, evaluation, and impact assessment of projects for Value for Money.

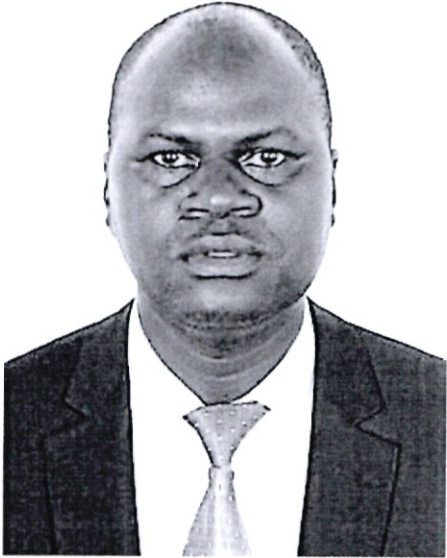



CHRP Hamoud Mguza
 Director, Corporate Services



Hamoud holds a Master's Degree in Public Policy & Administration, a Bachelor's Degree in Government & Public Administration, Higher Diploma in Human Resource Management and is a Certified Human Resource Professional, CHRP(K).

Hamoud has over 20 years' experience in Human Resources and Administration having worked in both the Public and Private sector.

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 <p>Eng. Wilson Kosgey <i>Director, Rural & County Roads</i></p>	<p>Eng. Kosgey holds a Master's Degree in Transportation Engineering and a Bachelor of Science Degree in Civil Engineering from the University of Nairobi. He is a registered engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya.</p> <p>He has over 25 years' experience in design and supervision of road construction projects, work planning, monitoring and evaluation of roadworks programs, socio-economic & impact studies of road projects and Value for Money audits of RMLF funded programs.</p>
 <p>Eng. Isaac Maina <i>Director, Urban & Park Roads</i></p>	<p>Eng. Maina holds a Bachelor of Science in Civil Engineering from the University of Nairobi. He is a registered engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya.</p> <p>Prior to joining the Board in 2018, Isaac served as an Assistant Director in KURA, Design & Construction Department-Structures Section and KURA Central Regional Office. Isaac has worked with TerraConsult Engineers, a private Civil Engineering firm, and the Ministry of Public works (Structural Department) as a structural Engineer.</p>

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 <p>Isaack Mohamed Ibrahim <i>Deputy Director, Supply Chain Management</i></p>	<p>Mr. Issack Ibrahim was appointed as the Deputy Director, Supply Chain Management effective 1st March 2023. He holds an MBA and Bachelor of Commerce Degree from the University of Nairobi.</p> <p>He also holds a postgraduate Professional Diploma from Chartered Institute of Purchasing & Supplies, CPA Part II, and Member of Kenya Institute of Supplies Management and Chartered Institute of Supplies Management (UK). Prior to joining the Board, Issack was an Auditor at the Office of the Auditor General.</p>
 <p>CPA James K. Mugoh <i>Deputy Director, Internal Audit & Risk Assurance</i></p>	<p>James is currently pursuing a Master of Science (Finance and Accounting) from the University of Nairobi, holds an undergraduate BA degree in Economics also from University of Nairobi. He is also a Certified Public Accountant of Kenya (CPA - K), Certified Internal Auditor (CIA - USA), Certified Information Systems Auditor (CISA - USA), Certified Forensics Examiner (ACFE). In addition, he has certificates in Anti-Money Laundering (AML) and Anti-Fraud and Corruption Strategies from BDO East Africa and corporate governance from Centre of Corporate Governance.</p> <p>CPA James K. Mugoh is a multiskilled strategic thinker with over 18 years of proven work experience in internal audit, risk management and compliance, 15 years of which have been at management level.</p>

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CHAIRMAN'S STATEMENT

On behalf of the Members of the Board, it is my pleasure to present the Annual Report and Financial Statements for Kenya Roads Board Fund for the year ended 30th June 2023.

General Economic Environment

Kenya managed to contain the health and economic impacts of multiple COVID-19 waves in 2021, helped by targeted containment measures and progress on vaccination, but is now facing a potentially large economic shock from the war in Ukraine.

Kenya's economic performance remained strong in the early months of 2023, but external challenges have mounted. Kenya's exposure to the war in Ukraine through direct trade linkages is moderate, with Russia and Ukraine accounting for only 2.1 percent of total goods trade between 2015 and 2022.

However, the economy is vulnerable to the commodity price shocks resulting from the war, particularly through fuel, fertilizer, wheat, and other food imports. Global financial conditions have also tightened sharply, increasing external financing costs.

A strong recovery in revenue collection by Kenya Revenue Authority (KRA) has supported fiscal performance but this is now being countered by the cost of subsidizing fuel. The rebound in economic activity and ongoing tax reforms and revenue administration improvements have boosted revenue collection. Revenue in the current fiscal year through Q3 remained on target and performed above the previous year's outturn.

Kenya's economy has staged a moderate recovery from the worst economic effects of the pandemic. Estimates released by the Kenya National Bureau of Statistics (KNBS) indicate that the economy advanced 2.99 per cent year-on-year in January 2022 slightly lower than the estimated growth in Sub-Saharan Africa of 4 percent. In the April 2023 released World Economic Outlook, IMF projected that Kenya would grow at a rate of 5.3 percent in 2023 from 5.1 percent forecasted in October 2022.

Going forward into the medium term, the Government will continue with its expenditure prioritization policy with a view to achieving the transformative development agenda, which is anchored on provision of core services, ensuring equity, and minimizing costs through the elimination of duplication and inefficiencies, creation of employment opportunities and improving the general welfare of the people. This will curtail growth in public expenditures to ensure it attains its fiscal consolidation path over the medium term and ensure debt is maintained within sustainable levels.

National Agenda

The Budget Policy Statement (BPS) outlines policy measures that will continue to stimulate resilient and sustainable economic recovery. The policies are anchored on the Medium-Term Plan III of the Vision 2030 and focuses on creating an enabling environment for businesses and industrial recovery, job creation, and safeguarding livelihoods. In this respect, the Government will strengthen implementation of programmes and strategies that ensure a more inclusive growth, foster macroeconomic stability and avail liquidity to the private sector including initiating innovative products to boost credit to Micro, Small and Medium Enterprises (MSMEs).

The National Treasury and Planning is developing the National Tax Policy and has initiated the preparation of the Medium-Term Revenue Strategy (MTRS) both of which will strengthen revenue mobilization and reinforce the fiscal consolidation plan. This coupled with expenditure prioritization will ensure the fiscal deficit remains at debt stabilizing levels going forward.

Further, the Government will accelerate implementation of the “Big Four” Agenda which has gained traction over the past three years. The agenda is designed to help achieve the social and economic pillars of our Vision 2030 and the development aspirations espoused in the Kenyan Constitution. Actualization of policies and programmes under each pillar is expected to accelerate and sustain the BPS - inclusive of growth, create opportunities for decent jobs, reduce poverty and income inequality and ensure that we create a healthy and food secure society in which Kenyans have access to affordable and decent housing.

Kenya Roads Board Strategy

The Board’s Strategic Plan (2018 – 2022) targeted to have 100% of maintainable roads (roads in good or fair condition) included in the APRP by the end of the plan period. The Board has continued to implement its five-year Strategic Plan, which successfully came to an end on 30th June 2023 with the Board achieving its intended strategic objectives with key achievements for the 5-year period including exceeding 5 year funding targets and implementing 5-year APRPs, development and implementation of Road Sector Investment Programme (RSIP) II, development of KRB Rules (2022), reorganization of the structure for efficiency, among others.

Specifically, during the FY 2022/2023 the Kenya Roads Board Fund collections exceeded the estimates; the APRP for FY 2022/23 was approved and implemented during the year; the Board carried out monitoring and evaluation of utilization of the KRB Fund; and the internal capacity was strengthened to ensure effective delivery of the Board’s mandates. Other achievements are enumerated in a different section of this report.

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The Annual Public Roads Programme (APRP) for FY 2022/23 is aligned to the BPS 2022 and will contribute to maintenance and rehabilitation of roads in the medium term to spur economic growth and development. Further, the APRP will promote Roads 2000 strategy where applicable, through investments that utilize more local resources, create jobs, and thereby support the Government's Local Content Policy.

Outlook

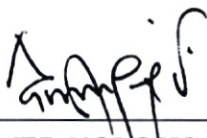
Kenya Roads Board shall continue to maximize on opportunities for enhanced partnerships and collaborations with other agencies, development partners and private sector for better service delivery to the public.

Acknowledgement

On behalf of KRB directors and staff, I express my sincere gratitude to the Government of Kenya, Ministry of Transport and Infrastructure, Road Agencies, taxpayers, and other stakeholders for their continued support. This has gone a long way towards building a solid institution that is responsive to its mandates and stakeholders' expectations.

I also thank my fellow directors for dedicating their time and effort to steer the Board. Their advice and guidance have played a key role in the attainment of the impressive results. Our management and staff have risen to the challenges with a great deal of resourcefulness, diligence, resilience, and determination. We are proud of the team and greatly appreciate their ability and commitment towards achieving the Board's vision, mission, and objectives.

I look forward to a promising financial year 2023/24. God Bless you all.



HON. AHMED KOLOSH
CHAIRPERSON

4/3/24

DATE

REPORT OF THE DIRECTOR GENERAL

Overview

Kenya Roads Board has continued to carry out its mandate of effectively and efficiently managing the Kenya Roads Board Fund. During the year under review, the Kenya Roads Board Act was amended, giving the Board powers to borrow funds. This provides the Board with a great opportunity to raise funds to address the road maintenance backlog in the country.

FY 2022/2023 marked the last year of the Board's 4th Strategic Plan (2017/18-2022/23). We are happy to note that the Board has achieved its ambitious performance targets set in the annual business plan for FY 2022/2023 which ensured overall achievement of the goals and objectives set out in the 5-year plan.

The Road Sector Investment Programme

The Road Sector Investment Programme (RSIP) is a medium-term plan that outlines the development and maintenance priorities for the road network. It provides the framework to guarantee road network quality through systematic planning and budgeting and a rational approach to funding road subsector spending. Currently, the maintenance backlog in Kenya is estimated at Kshs. 700 billion, constituting of roads in poor conditions that need to be restored to good condition.

The Board coordinated the preparation of the 2nd Road Sector Investment Programme 2018 - 2022 (RSIP II) in line with the requirements of Section 34(1) of the Kenya Roads Act, 2007. In the previous FY 2021/2022, the Board concluded RSIP II (2018-2022), and an evaluation report showed 89% physical achievement for road works with a funding deficit of Kshs. 121 billion.

Lessons learnt were documented and they informed the structure of the next RSIP III (2023-2027) whose development commenced in January 2023. Quality road network data is important, and the first 7 months of the assignment was dedicated to data collection and collation, with the report due in July 2023. The final RSIP III is expected to be ready by end of FY 2023/2024.

Road Reclassification

The country's road assets are estimated at over Kshs 3.5 trillion and represents one of the country's largest public investments. Thus, there is need to entrench the road asset management in the country's development strategy to facilitate their development and maintenance in an effective manner.

Kenya Roads Board by virtue of its mandate conducts periodic reviews of the classification system in consultation with road authorities and other stakeholders on behalf of the Ministry. The reviews ensure that the classification system is aligned with the country's needs for mobility, access, and safety.

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During the FY 2022/2023, the Board held 3No. Stakeholder workshops on the updated Road Register with one exclusively held with the County Executive Committee Members (Roads) Forum at COG offices. The comments from the stakeholders were addressed and the updated register submitted to the CS Roads and Transport for approval and onward submission to Inter-Governmental Relations Technical Committee for gazettelement.

Countrywide Roads Inventory and Condition Survey (RICS)

Road Inventory and Conditions Survey (RICS) is the process by which a country acquires data on the road assets to enable them to make evidence-based decisions on how to invest in physical infrastructure. There have been three cycles of countrywide RICS (2004, 2009 and 2018) in which inventory and conditions were updated while new roads were mapped.

During FY 2022/2023, the Board undertook countrywide RICS data collection that commenced in December 2021. The data collection was concluded during the year and the remaining activities include harmonization of the five zonal datasets into one dataset and linear referencing with the final RICS reports and datasets by November 2023.

I am happy to note that the survey results show an improvement in the condition of the network by an average of 10% which shows that the huge investments made in the road sub sector over the last few years have borne fruit. There is increasing need therefore to invest in preserving the asset to maintain and improve the conditions further.

The Annual Public Roads Programme

The Board has a mandate to oversee the road network in Kenya and to coordinate the maintenance, rehabilitation and development funded by RMLF and to advise the Minister on all matters related thereto.

Section 19 (4) of the KRB Act requires KRB to review, individually, the Annual Road Works Programmes (ARWPs) submitted by Road Agencies and consolidate these ARWPs into an Annual Public Roads Programme (APRP). During the year, the Board allocated and released funds in accordance with the Annual Public Roads Programme (APRP).

The approved APRP FY 2022/2023 was fully funded and the APRP FY 2023/2024 has been compiled. The APRP for FY 2023/2024 has been published and publicized.

In addition to funding the APRP, Technical, Performance and Financial inspections for FY 2022/23 are planned to be conducted from the first quarter of FY 2023/2024.

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Section 19 (4) of the KRB Act requires the Board to review the annual road programmes submitted by each of the road agencies and consolidate the annual roads programme into the Annual Public Roads Programme (APRP) which shall: -

- (a) Specify the amount allocated for the maintenance, rehabilitation, and development of each class of roads;
- (b) Match the cost of implementing the annual roads programme with revenues collected or estimated to be collected by the and within the Fund; and
- (c) Identify roads requiring maintenance, rehabilitation, or development in order of priority, considering social and economic requirements of the country or any part thereof in which roads are located.

Further, Section (5) of the Act requires the Board to submit the APRP to the Cabinet Secretaries for Roads and Finance for approval. The approved APRP forms the basis for funds allocation and auditing of works by the Board and may not be varied by any road agency without the prior written approval by the Board.

Automation for Efficiency

Automation is key to enhanced efficiency and productivity and the Board has prioritized automation of its processes over the last 3 years.

During the FY 2022/2023, the Board commenced the automation of the Annual Public Roads Programme Management. The web-based integrated system will be used for management and oversight for road work planning and reporting by the Board. In addition, the envisioned system will assist in the monitoring and evaluation of the implementation of APRP. The general purpose for this system is to institute effectiveness and efficiency in the management of the APRP.

The key modules to be included in the APRP system include User module, Planning module, Disbursement module, Monitoring & Evaluation module, and Reporting Module. The system is expected to be ready by January 2024.

Cost Estimation Manual

A unified, logical, and traceable cost estimation system is necessary for transparency and accountability and to avoid poor quality works by abnormally low tenders. The Cost Estimation procedure uses a scientific Cost Estimation Method using cost break down sheets and standardized estimation procedures.

During FY 2022/2023 the Board updated the Cost Estimation Manual (CEM) of 2019, having previously developed the manuals with JICA support including the 2011 1st edition and the 2017 2nd Edition.

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The CEM was disseminated to key stakeholders for immediate application in roadworks planning and budgeting. I am happy to note that during the year, the Board sensitized management staff of Public Procurement Regulatory Authority (PPRA), Technical Staff of Elgeyo Marakwet County and presented to a Ugandan delegation from the Ministry of Works & Transport and Uganda National Roads Authority (UNRA).

To improve the applicability of the Manual, eight regional rates were developed, and the Board has also started the automation of the CEM to make it accessible through a web-based system which can be easily updated regularly.

Roads 2000 Strategy

The Roads 2000 Strategy is a road development and maintenance delivery mechanism that optimizes utilization of locally available resources where technically and economically feasible, and in a socially responsible manner.

The R2000 Strategy is anchored to the National Development Agenda and is an enabler to accelerate the achievement of Kenya's Vision 2030. The strategy contributes to the achievement of regional and global goals such as the African Union's Agenda 2063 and United Nations' Sustainable Development Goals (SDGs) respectively.

During FY 2022/2023, the Board conducted an end-term evaluation of the 3rd Strategic Plan which showed that the third R2000 Strategy aimed to maximize the efficient utilization of local resources in road works programs to stimulate socio-economic and sustainable development. This was to be achieved through creating employment opportunities and enhancing capacity building in the road sector. During implementation of the Strategy, the strategic goals and corresponding objectives were achieved. Quantitatively, the third R2000 strategy developed and maintained a total of 91,483 km of roads which was 146.1% target achievement. The Strategy created employment equivalent to 43.2-million-person days which translates to 172,960 full time jobs (71% of target) with 30% being women. The wages paid were Ksh. 39.27 billion representing 78.4% of the R2000 budget.

Further, the Board developed the 4th Roads 2000 Strategic Plan (2023-2027) through an all-inclusive stakeholder consultative process and comprehensive analysis of both the internal and external environments in which the Strategy previously operated. The monitoring and evaluation framework therein recommends a baseline survey, mid-term review and an end term review as part of the monitoring mechanisms that the Board would employ to ensure its success as the coordinating secretariat for the Strategy.

Performance Contracting

Kenya Roads Board signed the FY 2022/2023 performance contract with the Government of Kenya through the Ministry of Roads & Transport.

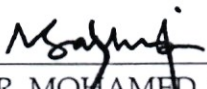
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The Key Result Areas requiring strategic focus of the Board are management of the Road Fund, oversight, and coordination of the Road Network; and strengthening the institutional capacity.

Appreciation

I would like to thank the Board of Directors, Management and Staff of Kenya Roads Board for their continued support and dedication, without which our ambitious objectives could not have been achieved. I would also wish to extend our gratitude to the Government of Kenya, the Ministry of Transport, Infrastructure, Housing and Urban Development & Public Works, the National Treasury and Road Agencies for their co-operation and support.

Finally, I would like to thank all taxpayers and stakeholders, and assure them of our strong commitment to deliver outstanding value to Kenyans as a whole.



R. MOHAMED, MBS
DIRECTOR GENERAL

4/3/24
DATE

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED
OBJECTIVES FOR FY 2022/2023**

Strategic Plan 2018-22 Performance Review

The Board conducted a performance review on the implementation of Strategic Plan 2018-2022 and identified its key achievements, challenges, lessons learnt and emerging issues. These four aspects have formed the basis of the development of Strategic Plan 2023 – 2028 and are enumerated below.

Key Achievements

The Board recorded achievements in each of the three key result areas pursued during the implementation phase of the Strategic Plan 2018–2022 of which key among them include:

KRA 1: Management of the Road Fund

Strategic Objective 1: To mobilize resources to meet the current and future demand for road maintenance, rehabilitation, and development.

- i. Through an amendment of KRB Act, 1999, the Kenya Roads Board Fund (KRBF) transitioned from the 2nd generation fund to 3rd generation fund;
- ii. The KRB Fund has grown from the five-year target of Kes. 381.14 billion to realized collections amounting to Kes. 390 billion;
- iii. A survey was conducted on Road User Charges and its recommendations approved and adopted by the Board. In addition, a Road Maintenance Funding Policy was prepared;
- iv. A collaboration framework enlisting support from development partners for the Board programmes was developed with four (4No.) programmes implemented.

Strategic Objective 2: To ensure prudent and sustainable utilization of the Fund

- i. Five (5No.) annual KRB and KRBF budgets were prepared and submitted to the National Treasury in accordance with Public Financial Management (PFM) Act, 2012;
- ii. The Board obtained 5No. unqualified audit reports from the Office of the Auditor General on both its operations and on fund financial statements.

KRA 2: Oversight and coordination of the road network

Strategic Objective 3: To facilitate maintenance of 161,451km National Trunk and County Roads

- i. In the 5-year period, a cumulative of 168,783Kms of national trunk roads and 36,000Kms of county roads (from FY 2018/19 to FY 2020/21) were maintained;

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- ii. Road Sector Investment Programme II (RSIP II) covering the period 2018-2022; was developed, approved by CS National Treasury, published, and disseminated to key stakeholders;
- iii. Five (5No.) RSIP II monitoring and evaluation reports prepared, and an end term RSIP II Evaluation carried out at the end of FY 2021/22 and report published;
- iv. The Board developed Road Electronic Planning and Reporting System (RePARS) for use by Kenya Wildlife Service (KWS);
- v. A Road Inventory & Condition Survey (RICS) study was completed in 2018, roads database updated, and results disseminated to stakeholders. Road agencies and county staff were trained on RICS;
- vi. In enhancing coordination, monitoring and evaluation of APRP, 5No. Consultative / engagement meetings on work planning and reporting held with the Road Agencies (RAs) and County Governments (CGs);
- vii. Five (5No.) APRPs were prepared and approved by CS MoTIHUD & PW and their implementation monitored by the Board.

Strategic Objective 4: To promote cost effectiveness in delivery of road works

- i. The Board conducted technical, financial and performance audits on semi-annual basis to enhance value for money in the application of the Fund. Five (5No.) annual reports were submitted to the PS - Infrastructure with strategic and compliance issues noted and giving advice on the required actions to address the noted concerns;
- ii. On County Governments, the Board conducted monitoring and evaluation on application of RMLF conditional grant to the county governments in FYs 2018/19, 2019/20 and 2020/21 and reports disseminated to the Counties with recommended actions and submitted to MoTIHUD & PW and National Treasury;
- iii. A baseline study and an impact assessment on RMLF programmes were conducted during the period from which a value for money report was prepared which established that roads in fair condition reduced from 37percent to 22 percent while those in poor condition reduced from 23 percent to 18 percent between FY 2018/19 to FY 2020/21;
- iv. The Board conducted 5 No. performance assessments of Road agencies through a Road Maintenance Accountability Index tool;
- v. On institutionalizing R2000 strategy and Performance Based Contracting (PBC), 35,562 Kms of roads were partially implemented using R2000 programme while 37,245 Kms were implemented under PBC by road agencies against a target of 12,500 Kms and 14,593 Kms respectively;
- vi. Collaborative framework was established between the Board and National Transport and Safety Authority (NTSA) in support of road safety initiatives;
- vii. Engaged in 3No. Research programme initiatives with JKUAT, University of Nairobi and County Government of Machakos.

KRA 3: Institutional Capacity

Strategic Objective 5: To promote good corporate governance

- i. On Corporate Social Responsibility (CSR), the Board donated 1No. ambulance, trained 3,000 boda boda operators on road safety, planted 10,000 trees to promote climate change agenda and financed maintenance of access road to a high school;
- ii. In enhancing effectiveness of the Board of Directors, Mwongozo code of governance was implemented;
- iii. In safeguarding Board Assets, an annual review of risk framework was conducted over the five-year period. In addition, Business Continuity Plan (BCP) and disaster recovery plan was reviewed and implemented;
- iv. In strengthening the Board's Systems and procedures, QMS ISO 9001:2015 was maintained;
- v. Engaged Graduate Engineers Internship programme;
- vi. In enhancing effective supply chain management practices, the Board approved and implemented 5No. procurement and disposal plans in compliance with Public Procurement and Disposal Act (PPDA) 2015 and regulations 2020. In addition, the board conducted 5No. trainings on YWPD category of supplies as had been targeted.

Strategic Objective 6: To attract, develop and retain Human Capital

- i. The Board reviewed and obtained approval for implementation of the Human Resource Instruments;
- ii. In achieving the decentralization of the Board's Services, nine (9 No.) KRB decentralized regional office locations were identified of which 4No. Regional Offices of Garissa, Nyeri, Nakuru and Kisumu were operationalized during the implementation phase of Strategic Plan 2018 - 2022;
- iii. On institutionalize performance-based management, the Board achieved an exceptionally superior performance rating over the five-year period;
- iv. Enhanced staff capacity through training based on their training needs assessment;
- v. In raising and sustaining employee satisfaction, 2No employee satisfaction surveys were conducted with a reported satisfaction index of 80.5 percent.

Strategic Objective No. 7: To institutionalize use of ICT in KRB operations

- i. On establishing and maintaining Board's integrated Management Information System, a Microsoft Enterprise Resource Planning (ERP) was implemented. Currently, the Board processes are 80 percent automated through the implementation of ERP. In addition, the implementation of Microsoft 365 has led to more efficient collaboration among users using Microsoft Teams, SharePoint, and OneDrive modules, use by KWS.
- ii. In promoting the Automation and security of the Board Operations, remote secure working from out of office enabled and facilitated virtual Board operations during COVID-19 pandemic period, established WAN link to

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regional offices, facilitated the development of Road electronic Planning and Reporting (RePARS).

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statements, a statement of the national government entity's performance against predetermined objectives.

Strategic Objectives and Strategies

No	Key Result Area	Strategic Objective	Strategies
1	Management of the Road Fund	To mobilize resources to meet the current and future demand for road maintenance, rehabilitation, and development	Enhance and Safeguard Road Maintenance Levy Source additional Funds for road rehabilitation, maintenance, and development Enlist support from Development Partners for Board programmes
		To ensure prudent and sustainable utilization of the Fund	Enhance financial management of the Fund
2	Oversight and coordination of the road network	To facilitate planning and programming for maintenance, rehabilitation, and development of the Road Network	Institutionalize planning and programming for the road maintenance, rehabilitation, and development. Establish a county government engagement framework Promote road safety within the road subsector
		To promote optimal efficiency and cost effectiveness in delivery of road works	Undertake technical and performance audits and fund inspections of road maintenance programmes funded by the Fund Enhance value for money in the application of the Fund
		Provide advisory services to the Government on matters related to the road subsector	Promote research in the road subsector
			Promote and support use, review, and update of the standards in the road subsector
3	Strengthen Institutional Capacity	To promote operational efficiency and governance	Promote policy reviews and uptake in the road subsector
			Enhance use of business information systems in the Board operations

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No	Key Result Area	Strategic Objective	Strategies
			Enhance effective supply chain management practices
			Enhance corporate image and customer service
			Ensure compliance with laws and policies
			Enhance Effectiveness of the Board of Directors
		To attract, develop and retain human capital	Ensure optimal human resource
			Enhance knowledge management and infrastructure
			Raise and sustain employee satisfaction

Performance Review for FY 2022-2023 - Funding

a. Road Maintenance Funding

The RMLF funding allocation has gradually increased from Kshs. 69 billion in FY 2018/2019 to the current allocation of Kshs. 82.42 billion over the last 5 years as shown in the table below:

ROAD MAINTENANCE FUNDING					
RECEIPTS	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Fuel levy	68,446,000,000	71,872,500,000	75,709,000,000	78,351,000,000	81,882,000,000
Transit Tolls	550,000,000	660,000,000	550,000,000	539,000,000	539,000,000
Total RMLF	68,996,000,000	72,532,500,000	76,259,000,000	78,890,000,000	82,421,000,000

The APRP 2022-23 has taken into consideration priorities as set out in the Road Sector Investment Plan (2018-2022), KRB-F works planning guidelines and is aligned to the Government Medium Term Expenditure Framework. The key considerations include: -

- (i) Road Asset Preservation - routine and periodic maintenance will be applied to the roads in good and fair condition as far as possible to preserve the existing road assets.
- (ii) Road Asset Restoration - some critical roads which are in poor condition have been included in FY 2021/22 APRP to receive full scale/partial rehabilitation or reconstruction. In addition, spot improvement will be undertaken on selected roads which are in poor condition or those that have failed to keep these roads in a motorable condition until major interventions are undertaken.

- (iii) Road Improvement and Development - to respond to traffic growth, the capacity of roads will be improved through upgrading, widening, junction improvement and new construction. Other improvements include provision of non-motorized transport facilities such as cycle tracks, footpaths, and construction of pedestrian crossings. A maximum of 10% KRB-F will be applied for road improvement and development.
- (iv) Multi-year road projects - All ongoing multi-year projects are included and are adequately resourced.
- (v) Support Big 4 Agenda Initiatives by prioritizing maintenance of feeder road network and critical links for County & KeRRA road networks to provide access roads to hospitals, markets, trunk roads, affordable housing, and manufacturing areas especially Nairobi and Mombasa.
- (vi) Support Government Post Covid-19 Economic Recovery Strategy - the Board issued guidelines to promote local resource-based approaches set out under R2000 strategy and Kazi Mtaani program.
- (vii) Emergencies - Funds have been set aside for emergencies resulting from climate change, natural and man-made factors.
- (viii) The APRP was also subjected to joint review with the parent Ministry.
- (ix) Other considerations - the Board has ensured that there is no duplication of road programs across the road agencies and the maintenance interventions are guided by road inventory & condition surveys undertaken by road agencies.

2. Annual Public Roads Programme (APRP) FY 2022-2023

Kenya has a total network estimated at 246,757 Km, of which 162,055 Km is classified network. According to the RICS data of 2018, about 100,000 Km of the network is maintainable. The National Trunk Road network currently stands at 44,021 Km and the rest are County roads.

In FY 2022/23, the road agencies have planned to maintain a total of 50,978 kms of road network through various intervention measures as follows:

Routine Maintenance - This is a regular planned maintenance of roads that involves cleaning of drainage systems, light grading of gravel and earth roads, filling of potholes, patching and repair of edges of a pavement for paved roads, repair of shoulders and side slopes, and vegetation control on the road reserves.

Periodic Maintenance - This is maintenance carried out in periodic intervals of years to preserve the pavement structure of a road. It involves activities aimed at

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strengthening the road surface covering long stretches. The activities range from re-gravelling a gravel road to overlay of tarmac (AC) or surface dressing of a paved road.

Spot improvement - Spot improvement is a measure undertaken to restore a failed section of a road. This approach tries to keep roads in poor condition motorable by improving soft spots on gravel or earth roads and reconstructing failed sections of paved roads as they await periodic maintenance or rehabilitation. Spot improvement may also be carried out on specific failed sections of roads in good and fair condition or re-construction of collapsed culverts and short bridges.

PBC - Performance Based Contracting (PBC) is an approach in road maintenance where most of the risks in road maintenance contracts are transferred to the contractor. In this approach the Road Agency sets out service levels (standards) of a road required to be achieved by the contractor and makes fixed monthly or quarterly payments to the contractor for achieving the set service levels. The contract period varies from country to country but in Kenya a period of 3 years is currently being used by KeNHA.

Upgrading - This involves changing or improving the carriageway of a road from one surface type to a higher standard surface type. For instance, a road may be upgraded from earth to gravel standard or from gravel to bitumen standard (tarmac).

a. APRP FY 2022-23 Budgets

The Annual Public Roads Programme (APRP) for financial year 2022-2023 was prepared based on projected collections of the Kenya Roads Board Fund (KRB-F) as approved by The National Treasury & Planning and in accordance with the KRB Act as per the table below:

RMLF allocation to Road Agencies

RMLF Allocation	Amount (Ksh.)
	FY 2022-23
KeNHA (Road Classes S,A,B)	27,201,461,224
KeNHA Transit Tolls	539,000,000
Sub-Total for KeNHA	27,740,461,224
KeRRA - (Road Class C)	21,761,168,980
KURA - Urban Roads (Road Classes UA, UB&UC)	10,200,547,959
KWS (Roads within National Parks & Game Reserves)	680,036,531
KRB Board/CS Allocation	6,800,365,306
Sub-Total for maintenance	67,182,580,000
Kenya Roads Board Operations	1,648,420,000
Road Annuity Fund	13,590,000,000
TOTAL	82,421,000,000

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The table below is a summary of the planned interventions in FY 2022/2023 by the different Road Agencies from the approved budgets:

Table: Consolidated APRP FY 2022/2023 Outputs

Road Agency	Road Network	Routine Mtce.	Periodic Mtce.	Spot Improv.	PBC Mtce.	Up Grading	Total Length Planned (Km)	Roadworks Budget (KShs)
KENHA	21,874	8,160	334		8,980		17,474	22,925,218,024
KeNHA Development Support								2,100,000,000
KURA	3,825	1,468	386		847	58	2,759	8,249,455,908
KeRRA	18,322	12,326		10,849			23,175	17,968,952,080
KWS		2,368			154	48	2,570	638,302,898
Board/CS Allocation							5,000	6,800,365,306
TOTAL	44,021	24,322	720	10,849	9,981	106	50,978	58,682,294,217
Previous FY 2021-22	44,021	25,361	916	7,695	9,422	24	48,418	47,043,904,367

The national trunk road network to be covered in FY2022/2023 APRP is a total length of 32,224km. This represents 73% of the classified national trunk road network of 44,021Km as per the updated road register 2021 and represents 20% of entire road network of 162,055km which includes County roads.

A network of approximately 5,000 km is planned during the financial year under the 10% CS allocation budget as shown in the table above. Communication to the Road Agencies on the prioritized roads will be done as per the Minister's approval.

KeRRA has also included in the planned network a total of 11,543 Kms of County roads in their FY 2022/23 ARPWs representing 10% of the total County Road network. KWS has also planned to maintain 1,425 kms of county roads and 785 kms of unclassified within the National parks and Game reserves.

The planned network in FY 2022/23 has increased by 3% compared to the previous Financial Year.

3. Road Sector Investment Programme

Road Sector Investment Programme (RSIP) is a medium-term plan that outlines the development and maintenance priorities for the road network including the type of interventions and funding requirements. Section 34 (1) of the Kenya Roads Act, 2007 requires the Minister responsible for Roads in consultation with the Road Authorities and the Kenya Roads Board to prepare a road investment programme for approval by the Minister responsible for Finance once every five years.

In the previous year, the Board concluded RSIP II (2018-2022), and an evaluation report showed 89% physical achievement for road works with a funding deficit of kshs. 121 billion. Lessons learnt were documented to inform the development of the next RSIP.

During FY 2022/2023, the Board commenced the development of RSIP III (2023-2027). A taskforce was appointed by the PS, infrastructure made up of representatives from the State Departments of Infrastructure, Transport and Treasury, Road Agencies, KNBS, KIPPRA, Council of Governors with KRB as the secretariat. The objectives of the study are to:

- i) Collect and Collate Road Network Data necessary for the development of RSIP III
- ii) To improve the configuration and calibration parameters of HDM-4 Kenyan Workspace. The update of configuration and calibration parameters will be done for the latest version of HDM-4.
- iii) To develop a detailed short term (5-year) 2023-2027 and medium term (10-year) 2023-2032 Road Sector Investment Programme for National Trunk Roads and County specific investment plans anchored on long term sector plans, county integrated development plans and national priorities.
- iv) To establish the road asset value

The RSIP will cover prioritized development and maintenance interventions for the entire road network over the 5-year and 10-year plan periods (Routine and periodic maintenance, rehabilitation, reconstruction, upgrading, new construction). In addition, the RSIP will consider all funding sources available for road maintenance and development (exchequer, development partner funds, road maintenance levy fund and county budgets for roads).

Some of the road network data that is to be collected and collated include RICS, Traffic data, Vehicle Operating Costs, Accident Data, budgets, and asset valuation input data.

As of 30th June 2023, the Consultant had completed the traffic data collection and prepared a traffic survey report. An interim report is due in July 2023 covering all the network data collected from primary sources and collated from secondary sources. The RSIP III is expected to be developed by 30th June 2024 for immediate implementation.

4. Countrywide Road Inventory and Conditions Survey (RICS)

The Board commenced the exercise to conduct a countrywide Road Inventory and Condition Survey (RICS) on the country's classified network, new roads with a reserve of 9m and above, all major structures and non-motorized transport (NMT) on all National Trunk Roads (NTR). This is the 4th cycle of countrywide RICS having previously undertaken the exercise in 2004, 2009 and 2018.

As part of the exercise, the Board undertook countrywide RICS data collection that commenced in December 2021. The data collection was concluded during the year and the remaining activities include harmonization of the five zonal datasets into one dataset and linear referencing with the final RICS reports and datasets by November 2023. The survey results show an improvement in the condition of the network by an average of 10% which shows that the huge investments made in the road sub sector over the last few years have borne fruit.

5. Promoting Research through Collaborations

The Board is mandated to oversee and coordinate road maintenance, development and rehabilitation funded by the Fund and advise the Cabinet Secretary responsible for roads on all matters related thereto. To effectively advise the Cabinet Secretary on the impact of road development programmes there is need for such advice to be continuously informed by research.

Over the past 5 years, the Board has supported various research initiatives as follows:

- 1) 2nd International Conference on Transport and Road Research 2018- The conference was organized jointly between KRB and Materials Testing & Research Division (MTRD) with an aim of enhancing knowledge sharing, collaborations and partnerships between government, private sector, and the academia for uptake of new research and technologies.
- 2) Support of fabrication of pilot Emulsion Treated Base (ETB) Mixer equipment through collaboration with Jomo Kenyatta University of Science and Technology (JKUAT) and MTRD
- 3) Research on 1km trial cobblestone section in Machakos County through collaboration with Machakos County and Kenya Institute of Highways and Building Technology (KIHBT)

During FY 2022/2023, the Board funded the Research titled "*Causes of Fissures on Roads in Kenya: Case Study of Maai-Mahiu-Narok Road*" which had sought to undertake the following:

- a. Investigate the state and properties of the underlying volcanic soils that caused fissures and cracks along the Mai Mahiu - Narok road;
- b. Investigate the contribution of long rains towards the occurrence fissures and cracks witnessed along the Mai Mahiu - Narok road;

- c. Develop remedial measures. that can be taken during design and construction of structures within the area traversed by the Mai Mahiu - Narok road.

The Research commenced in mid-May 2022 and the research team conducted reconnaissance visit, detailed geotechnical investigations of the site area and data analysis.

a. Maai-Mahiu -Narok Road research findings and recommendations

The key findings included the following:

- (i) The formation of fissures that cause road cuts are a fundamental geotechnical problem emanating from a combination of poor geotechnical character of the resident soils, geology, topography, hydrology, and hydrogeology of the area.
- (ii) The soils in this area are collapsible soils capable of huge settlements as determined from the consolidation tests. During heavy rains, the high permeability of the soils allows oversaturation of the unconsolidated sediments.
- (iii) A sudden reduction of shear strength and the extra loading due to saturation leads to the collapse of the soils and hence formation of sinkholes and subterranean flow. The result is a formation of trenches/gullies that may extend for hundreds of meters as several sinkholes merge linearly. Most of these gullies have been observed to grow deeper and wider with every rainy season. It is also presumed that pre-existing drainage paths offer paths of least resistance to overflowing flash floods.
- (iv) Upon contact with the road, the road acts as a barrier to the flash floods. The result is formation of water ponds around and along the road. This gives time for the water to infiltrate and saturate the sands which leads to subsurface flow within the volcanic sediments that underlay the road base. Oversaturation leads to subsurface flow and hence erosion as the sands lose their shear resistance and ultimately collapse. The road eventually caves into the depressions created by the subterranean erosion.

From these findings, the following recommendations were drawn to address the challenges observed:

- 1) Where the road alignment traverses areas with collapsible soils, when deemed possible, the initial option should be to realign the road to areas with soils that can hold the road pavement without developing the fissures that will undermine it.
- 2) On areas where collapsible soils are found, prior to construction of structures and road pavements, it is vital that extensive investigations on geology and geotechnical investigations be done to identify the affected areas of the road alignment. Sufficient budget needs to be allocated for these detailed investigations.
- 3) In such areas where collapsible sections are identified on the road alignment, use of rigid pavements is recommended. Concrete pavements can 'bridge' weak

- areas in the supporting layer, through 'beam action,' depending on the pavement type and slab size. The rigid pavement will allow placement on relatively weak supporting layers, provided that the supporting layer cannot be eroded by the combined effects of water and the pumping action caused by wheel loads.
- 4) It is recommended that where a rigid pavement is provided, series of cross drainage structures be provided to ensure water runoff crosses the pavement and prevent tail water blocked by the road. This will reduce the infiltration and saturation of the soils that has been found to cause subsurface flow and subsequent erosion.
 - 5) For structures such as bridges to be constructed on areas exhibiting the collapsible soils, use of piles is recommended. The design of pile foundations in these soils should be based on saturated soil mechanics assuming drained conditions ignoring the influence of unsaturated conditions.
 - 6) It is recommended for further investigations a study on load transfer mechanisms of piles and rigid pavements in unsaturated soils with noticeable volume deformations (i.e., expansive soil and collapsible soil), as influenced by the water content or suction changes.

The study further recommended a trial section to test the recommendation of a rigid pavement in areas of collapsible soils. The Board will explore opportunities of partnering with one of the road agencies as a downstream study of this research in a trial section with performance monitoring thereafter.

6. Job Creation through Roads 2000 Strategy

The Roads 2000 Strategy is a road development and maintenance delivery mechanism that optimizes utilization of locally available resources where technically and economically feasible, and in a socially responsible manner. The Roads 2000 Strategy was derived from the vision of implementing the approach throughout Kenya by the year 2000. However, over the years "Roads 2000" has become a generic name signifying Local Resource Based Approach (LRBA) for delivery of road assets.

The R2000 Strategy is anchored to the National Development Agenda and is an enabler to accelerate the achievement of Kenya's Vision 2030. The strategy contributes to the achievement of regional and global goals such as the African Union's Agenda 2063 and United Nations' Sustainable Development Goals (SDGs) respectively.

During FY 2022/2023, the Board conducted an end term evaluation of the 3rd Strategic Plan and proceeded to develop the 4th Roads 2000 Strategic Plan as detailed below:

a. End Term Evaluation of 3rd R2000 Strategic Plan (2018-2023)

The Funding sources for the implementation of the 3rd R2000 Strategic Plan included:

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- i. Road Maintenance Levy Fund (RMLF) through KRB.
- ii. Development partners including AfD, EU and JICA.
- iii. Other sources including National Development Budget Allocations and equitable share to County Governments.

Physical Achievements

Table 1: Physical achievement per Road Agency

ROAD AGENCY	PHYSICAL (KM)													% achieved
	TARGET						ACTUAL							
	18/19	19/20	20/21	21/22	22/23	TOTAL	18/19	19/20	20/21	21/22	22/23	TOTAL		
KeNHA	5264	7,200	7,700	8,200	8,700	37,064.00	17,402.80	6,269.22	16,272.74	15,613.16	9,835.00	65,392.92	176.4%	
KeRRA	2051	670	1,070	1,320	1,770	6,881.00	612.00	169.47	4,728.00	2,489.34	718.94	8,717.75	126.7%	
KURA	2369	1,503	714	814	920	6,320.00	775.30	1,428.61	1,533.41	1,588.55	1,728.78	7,074.65	111.9%	
KWS	115	2,597	2,862	3,183	3,605	12,362.00	0.00	1,971.97	3,427.95	2,571.15	2,326.15	10,297.22	83.3%	
TOTAL	9,799	11,970	12,346	13,517	14,995	62,627.00	18,790.10	9,839.27	25,982.10	22,262.20	14,608.87	91,482.54	146.1%	

KeNHA, KeRRA and KURA achieved more than physical targets due to adoption of Performance based contracts (PBC) and inclusion of Kazi Mtaani projects that were introduced to cushion the disadvantaged citizens against economic effects of Covid 19 pandemic. The Kazi Mtaani projects were following the Government's initiative on Post-Covid Economic Stimulus.

Employment Created

Table 3 below gives a summary of the employment created under the Third R2000 Strategic Plan and table 4 gives the employment breakdown by gender.

Table 3: Employment created under the Third R2000 Strategic Plan

ROAD AGENCY	EMPLOYMENT ('000 PDs)													% achieved
	TARGET						ACTUAL							
	18/19	19/20	20/21	21/22	22/23	TOTAL	18/19	19/20	20/21	21/22	22/23	TOTAL		
KeNHA	2,328.00	3,640.00	3,920.00	4,200.00	4,410.00	18,498.00	11,270.80	2,180.00	2,540.65	2,060.02	556.04	18,607.51	101%	
KeRRA	15,983.00	1,695.00	3,970.00	4,845.00	6,420.00	32,913.00	10,116.00	472.6	1,587.28	2,029.02	2,286.44	16,491.34	50%	
KURA	1,094.10	994	1,165.00	1,366.00	1,593.00	6,212.10	113.20	228.4	1,743.49	4,190.27	936.34	7,211.70	116%	
KWS	26.00	702	774.29	861.13	975.30	3,338.72	0.00	771	96.93	38.68	22.73	929.34	28%	
TOTAL	19,431	7,031	9,829	11,272	13,398	60,962	21,500	3,652	5,968	8,318	3,802	43,240	71%	

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Table 4: Employment breakdown by gender

ROAD AGENCY	EMPLOYMENT BREAKDOWN BY GENDER											
	ACTUAL											% women
	18/19		19/20		20/21		21/22		22/23		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women		
KeNHA	6,441.90	4,828.90	1,264.40	915.60	1,930.89	609.76	1,668.62	391.40	417.03	139.01	18,607.51	37%
KeRRA	8,092.80	2,023.20	321.368	151.232	1,126.97	460.31	1,400.02	629.00	1,783.42	503.02	16,491.34	23%
KURA	67.50	45.60	162.164	66.236	1,342.49	401.00	2,933.19	1,257.08	702.26	234.09	7,211.60	28%
KWS	0.00	0.00	655.35	115.65	79,482.6	17,447.4	30.944	7.736	17.73	5.00	929.34	16%
TOTAL	14,602	6,898	2,403	1,249	4,480	1,489	6,033	2,285	2,920.44	881.11	43,240	30%

The proportion of women employed under the R2000 program was 30%. KeRRA, KURA and KWS need to increase the number of women employed to achieve the 30% recommended by the government.

Wages Paid

Table 2: Wages paid under the Third R2000 Strategic Plan

ROAD AGENCY	BUDGET (KES MILL)												
	TARGET						ACTUAL						% achieved
	18/19	19/20	20/21	21/22	22/23	TOTAL	18/19	19/20	20/21	21/22	22/23	TOTAL	
KeNHA	4495.5	2,600.00	2800	3,000.00	3,150.00	16,045.50	21,517.20	910	1,434.78	950.47	389.04	25,201.49	157.1%
KeRRA	8837.2	2,007.30	2882.3	3,007.30	3,007.30	19,741.40	263.10	1,111.36	3,483.85	2,571.03	839.87	8,269.21	41.9%
KURA	4569.8	1,291.00	1516	1,780.00	2,079.00	11,235.80	1,575.30	114.2	870.92	1,783.84	530.80	4,875.06	43.4%
KWS	22	649	715.5	795.75	901.25	3,083.50	0.00	376.6	345.96	143.97	59.61	926.14	30.0%
TOTAL	17925	6547.3	7913.8	8583.05	9137.55	50,106.20	23,355.60	2512.16	6135.51	5449.31	1819.32	39,271.90	78.4%

In the Third R2000 Strategic Plan, the road agencies had committed Ksh. 50.1 billion for R2000 projects. During implementation of the strategy, wages paid amounted to Ksh. 39.27 billion, which was 78.4% of the R2000 budget.

Programme Trend Analysis

There have been significant achievements by R2000 programmes particularly in the areas of road network improvement, employment creation, training and creating economic and social opportunities for vulnerable groups such as women and the youth. Since 2005, the R2000 strategy has achieved 200,089 km of roads at a budget of 172 billion and created 81.2 million person-days of employment with 29% being women. These achievements are detailed in table 5:

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Table 5: R2000 Programme Achievements

	Physical Achievements			Financial Achievements			Employment Creation					
	Planned Length (Km)	Actual Length (Km)	Achievement %	Planned (KES Million)	Actual (KES Million)	% Achievement	Target ('000' person days)	Men ('000' person days)	Women ('000' person days)	Total ('000' person days)	% of women	Achievement %
First Strategic Plan (2005 – 2010)	7,845	7,247	92%	6,615	5,363	81%	8,750	3,591	1,099	4,690	23%	54%
Transitional Preparatory Phase (2010 -2012)		593			974					531		
Second Strategic Plan (2013 – 2017)	116,446	100,767	87%	148,878	126,546	85%	72,451	22,711	10,045	32,756	31%	45%
*Third Strategic Plan (2018 - 2023)	62,627	91,483	146%	50,106.20	39,271.90	78%	60,962	30,439	12,801	43,240	30%	71%
TOTAL	186,918	200,089	107%	205,599	172,155	84%	142,163	56,741	23,945	81,217	29%	57%

Conclusion

The third R2000 Strategy aimed to maximize the efficient utilization of local resources in road works programs to stimulate socio-economic and sustainable development. This was to be achieved through creating employment opportunities and enhancing capacity building in the road sector. During implementation of the Strategy, the strategic goals and corresponding objectives were achieved. Quantitatively, the third R2000 strategy developed and maintained a total of 91,483 km of roads which was 146.1% target achievement. The Strategy created employment equivalent to 43.2-million-person days which translates to 172,960 full time jobs (71% of target) with 30% being women. The wages paid were Ksh. 39.27 billion representing 78.4% of the R2000 budget.

b. 4th Roads 2000 Strategic Plan

During the FY 2022/2023, the Board developed the 4th Strategic Plan which adopted a sustainability approach with a focus on the impact of wages paid during implementation of the programme. The Strategy provides an assessment of the performance of the previous R2000 Strategic Plans and highlights their relevance, efficiency, effectiveness, achievements, implementation gaps, opportunities, and challenges.

The Strategic Plan was developed through an all-inclusive stakeholder consultative process and comprehensive analysis of both the internal and external environments in which the Strategy previously operated. Arising from the above consultative process and environmental scan, a strategic model to guide the operational framework and the execution of the Strategy has been developed.

Monitoring, Evaluation and Reporting Framework has been developed to enable an assessment of the relevance, efficiency and impact of the program and activities in relation to their goals and objectives. As a good practice, a Baseline Survey at the beginning of the 4th Strategic Plan period, Mid-term Review to be conducted after

two and a half (2.5) years, and the Final Evaluation at the end of the implementation period have been proposed. Below is a summary of the Key Recommendations of this 4th Strategic Plan;

- (i) Agencies should set aside at least 15% of the RML allocations towards R2000 strategy.
- (ii) Research should be enhanced, especially collaboration with research departments and academia. Dissemination of completed research findings for application should also be enhanced. There is also needed to identify and embrace emerging technologies strategies for quick fit-in.
- (iii) Implementing agencies to standardize conversion of person-days to full year employment equivalent for reporting under R2000 strategy. In this case, 240 person-days to form 1-year employment equivalent. Data for both person-days and yearly employment equivalent to be separately reported, as well as each gender.
- (iv) Need for linkage/collaboration of LB training agencies with academia for broader acceptance and foster Institutional and attitude changes to emerge from the traditional conventional methods, by upscaling the KIHBT curriculum to Universities and TVET Institutions.
- (v) Periodic Monitoring & Evaluation is a key aspect for improvement of the R2000 strategy which stakeholders can further learn and improve on. The recommendation is to have a Baseline Survey once the 4th Strategic Plan has been launched as a basis for continuous monitoring, with key milestones consisting of Mid-Term Review, and Final Impact Assessment. This will inform the stakeholders the level of impact the Kshs. 316.02 billion invested in implementation of over 142,000 km of road network will have in a span of five years, measured under various performance indicators.

7. Towards Cost Effectiveness through Standardized Cost Estimation

Cost reduction in roadworks has been identified as one of the measures that the Government will pursue to ensure there is cost-effectiveness and responsible use of public resources in services delivery. The purpose of the Cost Estimation Manual (CEM) is to provide guidance to Road Agencies and other sector players for consistent development of project cost estimates

A unified, logical, and traceable cost estimation system is necessary for transparency and accountability and to avoid poor quality work by abnormally low tenders. The Cost Estimation procedure uses a scientific Cost Estimation Method using cost break down sheets and standardized estimation procedures. The cost estimation includes survey methods required for revisions and updates of various parameters such as Standard Resource Usage per Unit Quantity (SRUQ), Productivity Ratio (P/R) and important cost items such as unit rates. Productivity rates of the work items are determined through a survey that sets to determine the output rates of machine based and labour-based works.

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Kenya Roads Board was appointed as the administrator for the cost estimation system and charged with the responsibility of updating the system every two years.

During FY 2022/2023 the Board updated the Cost Estimation Manual of 2019, having previously developed the manuals with JICA support including the 2011 1st edition and the 2017 2nd Edition. The development process involved the following key activities:

- (i) **Market survey of unit costs of inputs used in roadworks-** A market survey was conducted across 22 towns covering eight regions of Nairobi/Central; Coast; South Rift; Nyanza/Western; North Rift; Lower Eastern; Upper Eastern and Northeastern.
- (ii) **Collation of road maintenance works cost** of ongoing and completed maintenance projects from sampled Road Agencies regions
- (iii) **Collate official unit prices** for labour (Ministry of Labour), machinery (MTD) and materials (KNBS)
- (iv) **Validation of productivity survey** in Cost Estimation Manual 2019
- (v) **Stakeholder engagement**

The Cost Estimation Manual update was completed in November 2022 and disseminated to all the key stakeholders for immediate application. The Manual has 8 different regional rates which is different from the previous editions that only considered 2 rates (cities and other towns). This is intended to enhance its applicability throughout different regions in the country.

As of 30th June 2022/2023, the Board had sensitized, upon request, the management team of Public Procurement Regulatory Authority (PPRA) in March 2023, Technical staff from Elgeyo Marakwet County in May and a delegation from Uganda (Works and Transport Ministry and Uganda National Roads Authority) on the updated CEM 2022/2023.

8. Automation for efficiency

The Board has increasingly embraced ICT in delivery of its services for enhanced efficiency:

a. Annual Public Roads Programme (APRP) System

During the FY 2022/2023, the Board commenced the automation of the Annual Public Roads Programme (APRP) Management System. The web-based integrated system will be used for management and oversight for road work planning and reporting by KRB. In addition, the envisioned system will assist in the monitoring and evaluation of the implementation of APRP. The general purpose for this system is to institute effectiveness and efficiency in the management of the APRP.

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The system development commenced in July 2023 and is set to run for 18 months to January 2024. As of 30th June 2023, a prototype for the system had been presented to Management and comments incorporated in the development process. The key modules to be included in the APRP System include User module, Planning module, Disbursement module, Monitoring & Evaluation module, and Reporting Module.

b. Cost Estimation Manual System

The main challenge experienced in the implementation/use of the CEM is the bulkiness of the manual, and the use of the standalone excel spreadsheets for computation of unit rates, therefore there was a need for KRB to develop a web-based cost estimation system to improve the process of cost estimation through automation.

The web-based system will be used for Market survey data collection and update, Road Works cost analysis, rates development and Road works Cost estimation by Road Agencies, contractors, Kenya Roads Board, Ministry of Roads and County Governments.

During the FY 2022/2023 a prototype for the CEM system was prepared. The final system is expected to be in place by the end of 1st Quarter, FY 2022/2023.

9. Monitoring for Value for Money in Roadworks

As part of oversight and coordination of the road network, the Board conducts periodic inspections of ongoing road maintenance works throughout the country to assure the Board of economy, efficiency, and effectiveness in delivery of roadworks funded by the Kenya Roads Board Fund.

During the FY 2022/2023, the Executive Committee conducted field inspections in Upper Eastern counties of Meru, Tharaka, Nithi and Embu while a second inspection visit covered South Rift, Nyanza, and Western regions.

The implemented projects are further expected to open these agriculturally rich regions. This follows the financing the Board of key projects including Kathita bridge in Tharaka Nithi, Kangaru-Kairuri-Kiriari, Ntugi-Machaka-Mujujune Road roads in Meru County, Mutunduri-Manyatta-Kianjokoma in Embu, Mercy Njeri-mangú-Rongai in Nakuru and other projects in Busia and Kisumu. The projects were at various levels of completion and the team held consultations with the Road Agencies with a view of expediting completion of works and upholding quality of works.

10. Development of KRB 4th KRB Strategic Plan

The Kenya Roads Board Strategic Plan 2023–2027 is the 5th since the establishment of the Board in 1999 and anchors its foundation on the achievements, challenges and lessons learnt by the Board from the implementation of its 4th Strategic Plan (SP 2018–2022). The Board's Strategic Plan 2023-2027 details the strategic intents and

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objectives that will guide the Board in execution of its mandate from FY 2023/24 to FY 2027/28.

During the implementation phase of the 4th Strategic Plan 2018-2022, the Board, in collaboration with Ministry of Roads and Transport, put in place suitable measures aimed at enhancing efficiency, sustainability and optimal management of the Fund. The Government in 2019, accorded the Board more responsibilities in the roads sub-sector through the amendment of Kenya Road Board Act of 1999. The amendment transformed the Board to a 3rd Generation Road fund with powers to borrow.

In addition, the Kenya Roads Board (General) Rules, 2022 were gazetted through legal notice No. 141 to effectively operationalize Kenya Road Board Act. The Board restructured its operational processes and commenced devolving its services through creation of 9 No. Regional Offices, four of which are fully operational. The other five regional offices will be operationalized during the implementation phase of the Board's 5th Strategic Plan 2023-2027.

Starting FY 2023/24, the Government will commence implementation of its Fourth Medium Term Plan (MTP IV) for the period 2023-2027. Kenya Roads Board Strategic Plan 2023-27 factors in the aspects MTP IV, national and regional economic development aspirations.

The Board's Strategic Plan 2023-2027 has been developed in line with the National Treasury guidelines for preparation of the Fifth-Generation Strategic Plans. In addition, it has been developed through an engagement process of Board's internal and external stakeholders including being subjected to a validation process.

CORPORATE GOVERNANCE STATEMENT

1. Introduction

The Board of Directors recognizes the importance of applying the highest standards of corporate governance as a key contributor to its long-term success, long term value and prosperity.

This enables effective and efficient decision making and gives a structural aid for the Directors to discharge their duty to promote the success of KRB while considering the interest of stakeholders.

Effective governance is achieved through a combination of strong process and structures, underpinned by the right values and culture. The principles of corporate governance are contained in the Mwongozo Code of Conduct & Ethics.

2. The Board

Board Size and Composition

The size, composition and appointments of the Members of the Board are prescribed in the Kenya Roads Board Act. Kenya Roads Board comprises of thirteen (13) independent non-executive board of directors of which eight (8) are from the private sector institutions and five (5) members representing the public sector. Each private member serves for a maximum of two terms of three (3) years each.

The Chairman of the Board is appointed by the President from among the eight members from the private sector. Names of all Board members and changes thereto are published in the Kenya Gazette.

The public sector representatives are the principal secretaries or designated alternates not below the level of deputy secretary from the ministries responsible for matters relating to roads, finance, local authorities, regional co-operation, transport & communications.

The representatives from the private sector are appointed by the Minister responsible for roads from among the three persons nominated by each organization specified in the First Schedule to the Kenya Roads Board Act.

The Board is well composed in terms of range and diversity of skills, knowledge, age, and experience in various sectors which makes it effective and provides an appropriate balance for the oversight of the Board's mandate. On gender, the Board has three (3) women out of eight (8) members from the private sector.

The Director General's position is filled through public advertisement. The Director General is appointed by the Board in consultation with the Minister.

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The Director General is an ex-official member of the Board but has no voting right at any meeting of the Board and is the secretary to the Board.

Independence and Separation of Roles & Responsibilities

The roles and responsibilities of the Chairman of the Board, the Director General and non-Director General s' remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no one individual has unfettered powers of decision making. Their roles have been documented and are expected to be independent and free from conflict upon appointment.

The Chairman provides overall leadership to the Board without limiting the principles of collective responsibility for Board's decisions. The Chairman builds an effective board and sets the board agenda in consultation with the Secretary/Director General and ensures effective communication to stakeholders.

The Director General is responsible to the Board and takes the overall responsibility for the management of the Kenya Roads Board Fund and takes responsibility for effective and efficient day to day running of the affairs of the Board. The Director General recommends the strategy to the Board and implements it and makes operational decisions. Noting that the position also doubles as the secretary to the Board, the Director General ensures appropriate and timely information flows within the Board, its committees and management.

The non-executive directors are independent of management, they appoint the Director General and establish a framework for the delegation of authority and ensure succession planning for the Director General and senior management is in place. Their role is to advise, constructively challenge and monitor the success the management is delivering the agreed strategy within the risk appetite and control framework that is set out by the Board.

Board Responsibilities

The Board's responsibility is to promote the long-term success of the Board. The Board provides leadership and concentrates its efforts on the strategic and governance issues. The Kenya Roads Board Act, the Board Charter and the Mwangozo Code of Ethics defines the governance parameters within which the Board exists and operates, the specific responsibilities to be discharged and powers of the Board, its committees, and directors collectively, as well as certain roles and responsibilities incumbent upon directors as individuals.

The Board is charged with the following responsibilities: -

- a) Defining the purpose of the Kenya Roads Board, that is, its strategic intent and objectives, and its values which should be clear, concise, and achievable;

- b) Strategy formulation and ensuring there are appropriate policies, systems, and structures to implement the strategies effectively and successfully;
- c) Provide leadership within a framework of prudent and effective structures which enable risks to be assessed;
- d) Identify the opportunities as well as the principal risks in its operating environment including the preparation of the risk policy plans/risk management policies and implementation of appropriate measures to manage such risks or anticipated impact on the corporate business;
- e) Review on a regular basis the adequacy and integrity of the internal controls, acquisition and divestures, management information systems including compliance with applicable laws and regulations;
- f) In stewardship and in discharging its obligations, the Board assumes responsibility in the following areas:
- o *Retaining full and effective control over KRB, and monitoring management in implementing Board plans and strategies;*
 - o *Ensuring ethical behavior and compliance with relevant laws and regulations, audit, and accounting principles, and KRB's own governing documents and Code of Ethics; and*
 - o *Defining levels of materiality, reserving specific powers to the Board, and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions; among other mandates and responsibilities as stipulated in the Kenya Roads Board Act.*

Meetings Attended by Board Members

Kenya Roads Board Act provides that the Board holds meeting at least once every quarter. The Board therefore holds regular scheduled meetings throughout the year and supplementary meetings are held as and when necessary. In case of non-attendance due to other commitments, such information was communicated to the chair prior to the date of the scheduled meeting.

Board Committees and Responsibilities

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. The Board has developed a committee structure that assists in the execution of its duties, powers, and authorities. Each Committee is guided by a Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board and is reviewed on a yearly basis. The

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Committees are appropriately constituted drawing membership from amongst the board members with appropriate skills and experience.

The Chairman of the Board and external parties/advisors are required to attend the committee meetings only by invitation.

The committees are expected to operate transparently and full disclosure to the Board and to conduct themselves within the rules and procedures set out by the board. Matters deliberated by the Committees are presented to the board by the respective chairman during the next board meeting.

The Board Committees are Audit & Risk Management, Finance, Human Resources and Management and Technical. The responsibilities and attendance of meetings during the year is as summarized below: -

Finance Committee

The Finance Committee assists the board in fulfilling its oversight responsibilities for funds collection and sourcing, funds allocation & disbursements, review of budgets and APRP and the implementation reports.

The responsibilities of the committee are as follows: -

1. Management of KRB Fund (Funds allocation, collections, and disbursements)
2. Budgeting and Planning (Review of KRB Operations Budget and the APRP)
3. Identification and recommending other potential sources of Revenue
4. Recommending periodic reviews of the fuel levy
5. Recommending appropriate levels of road user charges
6. Financial Reporting
7. Compliance with Public Finance Management (PFM) Act and other related legislation
8. Review of funds utilization and absorption

Audit & Risk Management Committee

The Audit and Risk Management Committee assists the board in fulfilling its oversight responsibilities for the work's programming and monitoring as well as the advisory role to the Minister for Roads. The Audit and Risk Management committee has authority to conduct or authorize investigations into any matters within its scope of responsibility.

The committee has the following responsibilities: -

1. Ensures external audit recommendations are fully addressed; and

2. Ensures that the quality of internal audit is of appropriate standard and that line management has full regard to internal audit recommendations.

In particular, the Audit and Risk Management Committee shall be responsible for the review of the following areas: -

1. Risk Management and Compliance
2. Internal Audit
3. External Audit

Human Resources and Management Committee

The Management Committee oversees strategic planning, staff matters, performance contracting and general management oversight.

Specifically, the committee is responsible for the following:-

- (a) Setting the policies and strategic direction of the organization;
- (b) Review the Strategic Plan and the Business Plan for approval by the Board;
- (c) Monitoring the implementation of the Strategic Plan;
- (d) Evaluation of the performance of the organization, Director General, staff, and departments;
- (e) Negotiating the annual performance Contract between KRB and the Ministry of Roads;
- (f) Reviewing of the organization structure of KRB;
- (g) Reviewing KRB's staff terms and conditions of service;
- (h) Reviewing the various management policies aimed at enhancing staff performance;

Technical Committee

The Technical committee oversees the optimal utilization of the fund by Roads Agencies.

Specifically, the committee is responsible for the following: -

- a. Coordinating the optimal utilization to achieve efficiency and cost effectiveness in road works;
- b. Monitor and evaluate by means of Technical, financial and performance audits the delivery of road works;
- c. Coordinate/Monitor implementation of road maintenance programmes;
- d. Implementation of the Road Sector Investment Programme;
- e. Research and Development in Roads sub sector;
- f. R2000 Strategy;
- g. Road Maintenance Management System(RMMS); and
- h. Advising the Cabinet Secretary on Road maintenance policies.

3. Remuneration of the Board

The non-ex-official Board members are paid taxable sitting allowance as approved by the Minister responsible for Roads following guidelines from the State Corporations Advisory Committee. The Chairman is paid honoraria at a rate approved by the Government.

Transport expenses are reimbursed on travel for Board business at the prevailing AA rates. The members are also entitled to outpatient and inpatient medical cover and a personal accident cover as applicable.

4. Directors Induction and Training

The Board develops induction and training programs designed to introduce new directors to the operations of the Board and related governance matters.

The programs are also aimed at deepening the understanding of the changes in risks, laws and business and political environment in which the Board operates.

5. Board Effectiveness and Evaluation

To assess and improve the capacity, functionality and effectiveness of the Board and its committees, an annual evaluation is undertaken in accordance with the widely accepted principles of corporate governance.

The self-evaluation reviews the capacity, functionality, and effectiveness of its performance in the achievement of its goals and objectives. It assesses the performance and independence of the Board and committees jointly, individual members of the Board and the Director General.

The Director General is assessed in his roles as the CEO and the secretary to the Board. The Chairman's ability to add value, his performance against what is expected of his role and function, is also assessed.

The results of the evaluation form the basis on which action/work plans for the preceding year are formulated, assists to identify the training needs for directors and it also forms the basis of re-appointment.

6. Conflict of Interest, Code of Conduct and Ethics

The directors and employees of the Board have a fiduciary duty to act honestly and in the best interest of the Board. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

KENYA ROADS BOARD FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

The Board has developed a Code of Conduct and Ethics Manual whose aim is to enhance relationships and fostering teamwork among board members and staff and to build respect, confidence, and credibility with its citizens. The Code provides guidance to its members regarding ethical and behavioral considerations as they address their duties and obligations during their appointment and their term in KRB.

The Board has put various measures in place to ensure that there is no conflict of interest amongst its directors and staff. The Board has put in place Corruption Prevention and Code of Conduct & Ethics Policies that binds both the directors and the employees.

At the beginning of the financial year, all directors and employees signed a declaration of interest form declaring that they will disclose any interest that conflicts or possibly may conflict with the interests of the Board. At the commencement of any business to be transacted, all directors/staff are required to declare their interest, if any.

All staff and directors declared their wealth as required to the Public Service Commission.

During the year, the directors and employees demonstrated their commitment to the public service through professionalism, integrity, moral and ethical requirements, conflict of interest, and political neutrality through compliance with relevant laws as evident from the legal audit, internal audit, and external audit reports presented to the Board.

KENYA ROADS BOARD FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME

The Board collected revenues amounting to Kshs. 86.43 billion from Fuel Levy, Transit Tolls, Interest income, and other income compared to income of Kshs. 87.43 in prior year. The receipts are analyzed below:

	FY 2021/22 (12 Months)	FY 2022/23 (12 Months)	Change	Change
	(KSHS)	(KSHS)	(KSHS)	%
Fuel Levy Receipts	83,949,085,329	82,865,377,818	1,083,707,511	1%
Transit Tolls	1,353,856,878	1,533,197,788	-179,340,910	-13%
Sub-total	85,302,942,207	84,398,575,606		
Interest Income	2,130,803,666	2,038,669,601	92,134,065	4%
Other Income	1,292,924	123,500	1,169,424	90%
TOTAL RECEIPTS	87,435,038,797	86,437,368,707		

The Board received fuel levy of Kshs 82.865 billion, compared to collections of Kshs 83.949 billion for FY 2021/22 (i.e., a 1% decrease). The demand for fuel remains subdued due to the soaring pump prices and adverse economic conditions. Transit Tolls increased by 13% as a reflection of higher mileage covered by foreign-registered trucks in the country.

Interest income is mainly on account of interest earned on cash assets held by the Board. The Board does not budget for Interest on Road Maintenance Levy.

Other income includes gains/(losses) from sale of fully depreciated assets and unrealized gain/(loss) on FOREX.

DISBURSEMENTS

The Board allocated funds to the road agencies as per the table below;

Agency	Total	Total
	2022/23 KShs '000	2021/22 KShs '000
Kenya National Highways Authority	27,740,461	34,085,408
Allocation by KRB/Ministry	6,800,365	8,150,728
Kenya Wildlife Service	680,037	815,073
Kenya Rural Roads Authority	21,761,169	19,430,358
Kenya Urban Roads Authority	10,200,548	9,107,980
Other Programmes	0	9,770,082
Road Annuity Programme	13,590,000	16,151,186
Kenya Roads Board	0	412,217
Total Funds Disbursed in the Year	80,772,580	97,923,032

KENYA ROADS BOARD FUND
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

EXPENDITURE

The Board incurred total operating expenditure amounting to Kshs. 1.504 billion during the review period, accounting for 100% of budget utilization – as summarized in the table below.

OPERATING EXPENDITURE	FY 2021/22	FY 2022/23
	(12 Months)	(12 Months)
	(KSHS)	(KSHS)
Directors Costs	57,694,170	63,007,155
Staff Costs	503,667,139	576,559,606
Operating Costs	457,521,029	309,368,474
Audit Fees	2,900,000	2,900,000
Dept. Costs	113,090,810	141,358,479
C.S.R.	253,791,875	360,315,282
Depreciation	54,351,133	51,471,978
TOTAL EXPENSES	1,443,016,156	1,504,980,974

ENVIRONMENTAL AND SUSTAINABILITY STATEMENT

Kenya Roads Board is dedicated to integrating Environmental, Social and Governance issues into its operations to ensure that its operations are sustainable and that the Board's values are aligned to those of stakeholders and the communities in which the Board serves. To equip the Board of directors with critical knowledge on ESG concerns, and their impact on KRB's business, the Board underwent a comprehensive ESG training as part of continuous induction.

Environmental Sustainability

Reclaiming Kenya's Forest Cover through Jaza Miti Campaign

One of the Board's corporate social responsibility pillars is to support initiatives aimed at enhancing the environment and supporting social well-being of the citizens. As part of the initiatives to take part in environmental conservation, during the FY 2022/2023, the Board continued to implement targets under a Framework of Collaboration signed with the Kenya Forest Service to rehabilitate 10 hectares of Mathathia block in Uplands Forest. In December 2022, the staff joined members of the Uplands Community Forest Association and KFS and planted 2,000 trees at Matathia block. This was to increase the survival rate owing to loss of seedlings to dry weather.

Further, His Excellency the President, Dr. William Samoei Ruto on his taking over government set an ambitious vision for increasing Kenya's forest cover from the current 10% to 30% by planting 15 billion trees in the next 10 years. The Board in further support of this initiative adopted a second site comprising 10 hectares at Nyamweru block, Uplands and 11,000 trees planted in May 2023.

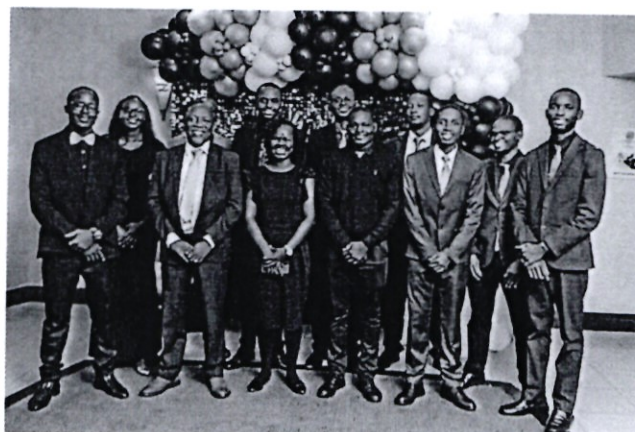
The Board believes in involving communities and building a sense of ownership by the local communities for sustainable management of our resources. The Board will continue to work with and through communities in support of the #jazamiti campaign.





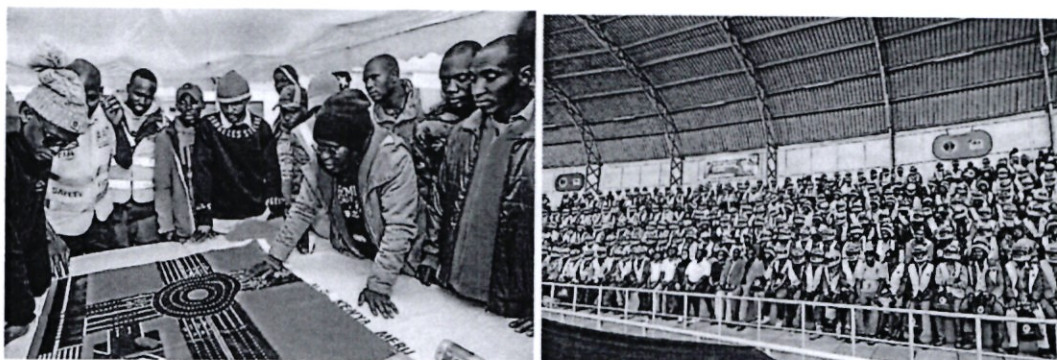
1st Cohort of Graduate Engineers Complete Program

The 1st Cohort of Graduate Engineering interns completed their program in April 2023. The graduate engineers underwent a comprehensive Graduate Engineers Internship Programme fully sponsored by Kenya Roads Board. The aim of the program is to equip fresh civil engineering graduates with the knowledge, skills, and experience required to excel in the field of engineering. The graduate engineers were mentored and supervised by professional and experienced engineers in KRB and Road Agencies who shared their expertise and guidance to prepare them for registration by the Engineers Board of Kenya.

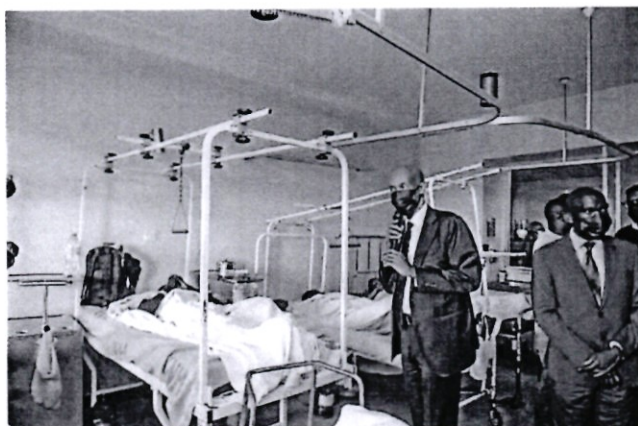
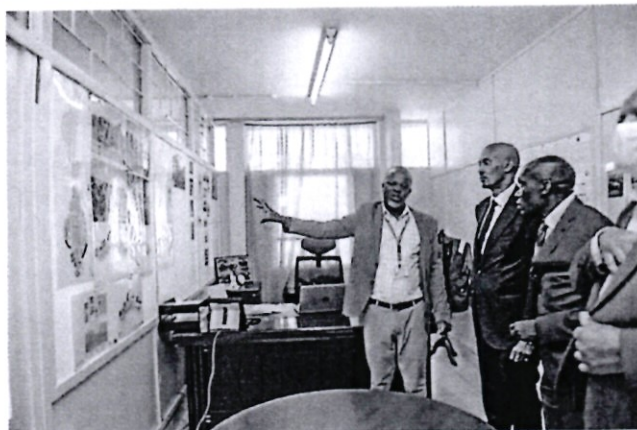


Empowering Youth in the boda boda industry

The boda boda industry impacts about every person in the country. However, this sector continues to be the largest contributor to road crash fatalities and injuries. In recognition of the economic impact of this sector to the country and the vulnerabilities of boda boda riders, the Board sponsored training of 100 riders in Garissa County out of which 75 completed the training and were issued with NTSA Licenses. The Board further sponsored sensitization of 350 operators in Meru covering riding skills, response to accident scenes and evacuation as well as traffic regulations. A further 100 riders are undergoing training for licensing. During the year 350 helmets and 700 reflective jackets were issued to the riders to enhance safety.



The Board's program covers empowerment programmes such as training and sensitization as well as post-crash care. In December 2022, the staff visited patients in the Orthopedic wards 6A, 6B and 6C and interacted with them. The patients, most of whom were boda boda riders, narrated about the accidents and injuries and how they were coping with the hospitalization and treatment. The Board donated 27 wheelchairs and crutches.



Building Stronger Communities

The Board makes concerted efforts to give back to the Society and this is aligned to our corporate social responsibility pillars and our core values. In December 2022, KRB staff chose to share Christmas smiles with children of Bridge of Hope and Jochebed Children's homes in Nakuru County. The Bridge of Hope Children's home accommodates 87 children from 1 to 18 years who have been abandoned or whose

KENYA ROADS BOARD FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

parents are imprisoned. Jochebeds Children's home was founded in 2009 as an outreach programme to help the less fortunate in the community. The staff engaged with the children playing games and offering mentorship and encouragement. The staff donated beds, clothing, foodstuffs, and toys.



KENYA ROADS BOARD FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting their report together with the audited financial statements for the year ended 30th June 2023, which show the state of the Board's affairs.

PRINCIPAL ACTIVITIES

The Board is primarily engaged in management of the Kenya Roads Board Fund together with other mandates specified in the Kenya Roads Board Act, 1999.

RESULTS

The results for the year ended 30th June 2023 are set out on in these Financial Statements.

DIRECTORS

The Board of Directors who held office during the year is shown on pages VII to XII.

In accordance with Section 7(4) of the Kenya Roads Board Act, 1999 '*the Chairman and members of the Board, other than ex-official members shall hold office for a period of three years from the date of appointment but shall be eligible for re-appointment for one further term of a period not exceeding three years.*' The appointment and vacation of office of any member of the Board shall be in accordance with Section 2 of the Second Schedule to the Kenya Roads Board Act, 1999.

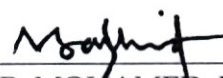
FINANCIAL STATEMENTS

At the date of this report, the Board was not aware of any circumstances which would have rendered the values attributed to the assets in the financial statements misleading.

AUDITORS

The Auditor General is responsible for the statutory audit of the Board's books of account in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

BY ORDER OF THE BOARD



R. MOHAMED, MBS
SECRETARY TO THE BOARD

4/3/24
DATE

KENYA ROADS BOARD FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

STATEMENT OF THE BOARD'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Kenya Roads Board Act, 1999 require the Directors to prepare financial statements in respect of the Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year.

The Directors are required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Directors are also responsible for safeguarding the assets of the Board.

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board as at the end of the financial year ended on 30th June 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 entity; (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 Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

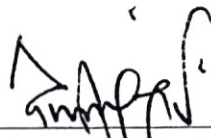
The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Kenya Roads Board Act, 1999.

The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of the Board's transactions during the financial year ended 30th June 2023, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

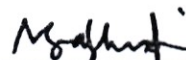
Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

KENYA ROADS BOARD FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

Approval of the Financial Statements - The Kenya Roads Board Fund Financial Statements were approved by the Board and signed on its behalf by:



HON. AHMED KOLOSH
CHAIRPERSON
DATE: 4/3/24

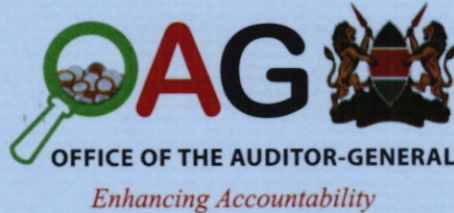


R. MOHAMED, MBS
DIRECTOR GENERAL
DATE: 4/3/24



FRANCIS THEURI
DIRECTOR
DATE: 4/3/24

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KENYA ROADS BOARD FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Roads Board Fund set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Roads Board Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya Roads Board Act, 1999 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Disbursement of Road Agency Funds Through the State Department for Roads

The statement of financial performance and as disclosed in Note 10 to the financial statement reflects disbursements of Kshs.80,772,580,000. Note 10 indicates that the amount was allocated to various road agencies, Kenya Wildlife Service and the State Department for Roads. Review of the bank statements for the Board's bank accounts revealed that except for the amount of Kshs.680,037,000 allocated to Kenya Wildlife Service the balance of Kshs.80,092,543,000 was transferred to the State Department for Roads. Management did not provide a satisfactory explanation for the failure to transfer the funds directly to the respective agencies.

Failure to disburse funds directly to the respective road agencies may have resulted in delay in receipt of the funds by the road agencies leading to delay in implementation of the planned development programmes.

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall

governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 March, 2024

KENYA ROADS BOARD FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2023

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH
JUNE 2023**

	Note	KShs'000 2022/2023	KShs'000 2021/2022
REVENUE			
Revenue from Non-Exchange Transactions			
Levies, Fines and Penalties	8	84,398,576	85,302,942
Revenue from Exchange Transactions			
Finance Income	9	2,038,670	2,130,803
TOTAL REVENUE		86,437,245	87,433,745
DISBURSEMENTS	10	80,772,580	97,923,032
EXPENDITURE			
Use of goods and services	11	285,375	275,543
Employee Costs	12	534,784	462,263
Board Expenses	13	63,007	57,694
Strategic Plan Implementation Costs	14	141,358	113,091
Depreciation	15	51,472	54,351
Contracted Services	16	68,670	226,282
Corporate Social Responsibility	17	360,315	253,792
		1,504,981	1,443,016
TOTAL EXPENSES		82,277,561	99,366,048
OTHER GAINS/(LOSSES)			
Gain/(Loss) on sale of assets	18	124	140
Gain/(Loss) on foreign exchange transactions	19	1,658	1,153
		1,781	1,293
KRB FUND BALANCE FOR THE YEAR		4,161,466	(11,931,010)

The notes form an integral part of these financial statements.

KENYA ROADS BOARD FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

	Note	KShs'000 2022/2023	KShs'000 2021/2022
ASSETS			
<i>Current Assets</i>			
Cash and Cash equivalents	20	28,290,327	45,232,010
Work in Progress	21	9,838	0
Receivables	22	3,750	3,114
		28,303,915	45,235,124
<i>Non-Current Assets</i>			
Property & Equipment	23	208,815	92,937
TOTAL ASSETS		28,512,729	45,328,062
LIABILITIES			
<i>Current Liabilities</i>			
Payables	24	16,443,017	36,124,247
TOTAL NET ASSETS		12,069,713	9,203,814

NET ASSETS/EQUITY			
<i>Non-Current Liabilities</i>			
KRB Fund Reserves	25	11,599,948	8,539,060
KRB Operations Reserves	26	29,582	349,263
KRB Staff Funds	27	418,928	315,491
Assets Revaluation Reserve	28	21,255	0
TOTAL NET ASSETS/EQUITY		12,069,713	9,203,815

The notes form an integral part of these Financial Statements. The financial statements were submitted by the Board and signed on its behalf by:



CPA MARTIN AGUMBI (ICPAK No. 8983)
DIRECTOR, FINANCE & FUND MANAGEMENT

4 March 2024
DATE



R. MOHAMED, MBS
DIRECTOR GENERAL

4/3/24
DATE



FRANCIS THEURI
DIRECTOR

04/03/24
DATE

KENYA ROADS BOARD FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2023

CURRENT YEAR

	KRB Fund Reserves	KRB Operations Reserves	KRB Staff Funds	Asset Revaluation Reserve	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
As at 1st July 2022	8,539,060	349,263	315,491	-	9,203,815
KRB Fund Balance for the Year	4,161,466				4,161,466
Disbursement of Prior Year Road Agency Funds	(1,100,577)				(1,100,577)
Road Maintenance Interventions		(139,610)			(139,610)
Regional Offices expenditure		(80,072)			(80,072)
Transfer to KRB Staff Funds		(100,000)	100,000		-
Interest earned on KRB Staff Funds			3,437		3,437
Asset Revaluation reserve				21,255	21,255
As at 30th June 2023	11,599,948	29,582	418,928	21,255	12,069,713

PRIOR YEAR

	KRB Fund Reserves	KRB Operations Reserves	KRB Staff Funds	Total
	KShs'000	KShs'000	KShs'000	KShs'000
As at 1st July 2021	20,610,832	208,500	308,085	21,127,418
KRB Fund Balance for the Year	(12,071,772)	-		(12,071,772)
Interest earned on Staff Funds			7,406	7,406
KRB Operations Balance for the Year		140,763		140,763
As at 30th June 2022	8,539,060	349,263	315,491	9,203,815

The notes form an integral part of these financial statements.

KENYA ROADS BOARD FUND
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023

	Note	2022/2023 KShs '000	2021/2022 KShs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Levies, Fines and Penalties	8	84,398,576	85,302,942
Finance Income	9	2,038,670	2,130,803
Gain/(Loss) on foreign exchange transactions	18	1,658	1,153
Gain/(Loss) on sale of assets	19	124	140
Total Receipts		86,439,027	87,435,038
PAYMENTS			
Disbursements	10	80,772,580	97,923,032
Use of goods and services	11	285,375	275,543
Employee Costs	12	534,784	462,263
Board Expenses	13	63,007	57,694
Strategic Plan Implementation Costs	14	141,358	113,091
Depreciation	15	51,472	54,351
Contracted Services	16	68,670	226,282
Corporate Social Responsibility	17	360,315	253,792
Total Payments		82,277,561	99,366,048
<i>Adjustments for:</i>			
Non-Cash Items (Depreciation)	15	51,472	54,351
Changes in working capital balances		(19,691,704)	21,518,058
Net Cashflows From (Used In) Operating Activities		(15,478,767)	9,641,399
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property and Equipment	23	(147,341)	(94,973)
Net Book Value of disposed assets	23	1,246	42
Net cash From (Used in) Investing Activities		(146,095)	(94,931)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in KRB Staff funds		103,437	7,406
(Decrease)/Increase in KRB Operations Reserves		(319,682)	
Disbursement of Prior Year Road Agency Funds		(1,100,577)	
Net cash Inflows (Outflow) from Financing Activities		(1,316,822)	7,406
NET (DECREASE)/INCREASE IN CASH		(16,941,683)	9,553,874
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At the beginning of the year		45,232,011	35,678,136
Net (Decrease)/Increase in Cash		(16,941,683)	9,553,874
AT THE END OF THE YEAR	20	28,290,328	45,232,011

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE 2023**

		Original Budget	Adjustments	Final (Revised) Budget	Actual on Comparable Basis	Performance Difference	% of Utilization
	Note	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000 f = d/c * 100
		a	b	c = (a + b)	d	e = (c - d)	
REVENUE							
Levies, Fines and Penalties	a	82,421,000	0	82,421,000	84,398,576	-1,977,576	102%
Finance Income	b	3,400	0	3,400	2,038,670	-2,035,270	59961%
Gain/(Loss) on sale of assets		0	0	0	124	-124	0%
Gain/(Loss) on foreign exchange transactions		0	0	0	1,658	-1,658	0%
TOTAL REVENUE		82,424,400	0	82,424,400	86,439,027	-4,014,627	60063%
DISBURSEMENTS							
		80,772,580	0	80,772,580	80,772,580	0	100%
EXPENSES							
Use of goods and services		305,746	7,654	313,399	285,375	28,025	91%
Employee Costs	c	640,497	29,196	669,694	534,784	134,910	80%
Board Expenses		59,910	10,000	69,910	63,007	6,903	90%
Strategic Plan Implementation Costs		115,000	30,000	145,000	141,358	3,642	97%
Depreciation	d	0	0	0	51,472	-51,472	0%
Contracted Services	e	318,252	-225,852	92,400	68,670	23,730	74%
Corporate Social Responsibility	f	91,215	71,891	163,106	360,315	-197,209	221%
TOTAL EXPENSES		82,303,200	-77,111	82,226,089	82,277,561	-51,472	100%
NET FUND BALANCE		121,200	77,111	198,311	4,161,466	-3,963,155	2098%
CAPITAL EXPENDITURE		121,200	77,111	198,311	147,341	50,970	74%

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Budget Notes:

- a) *Levies, Fines and Penalties relate to Road Maintenance Levy amounting to Kshs. 84.39 billion was above the projected budget of Kshs. 82.42 billion, due to higher than budget Fuel levy collections during the financial year.*
- b) *Finance income relates to interest earned on cash balances held at the bank. The Board does not budget for interest income, save for a minimal budget of Kshs. 3.4 million on interest on its operations funds. The revenue reported is significantly above budget as a result of higher bank interest rates offered by banks during the financial year.*
- c) *The under expenditure in employee costs is mainly as a result of staff emoluments which stood at 75% of budget, due to delay in recruitment of staff which was ongoing as at the close of the financial year.*
- d) *Depreciation is a non-cash item which is not budgeted for.*
- e) *The under expenditure in contracted services is mainly as a result of savings in consultancy costs. The under expenditure in consultancy costs is due to savings on procurement of various consultancies (e.g., Strategic Plan consultancy, Economic Impact of Electric Mobility on Sustainability of the RML, Post Strategic Plan Employee Satisfaction Survey) amounting to Kshs. 10.83 million. Further, the Board did not engage consultants for ISMS surveillance audits and staff recruitment, resulting to savings amounting to Kshs. 8.7 million.*
- f) *Corporate social responsibility costs amounted to Kshs. 360.31 million compared to the budget of Kshs. 163.10 million, representing overall expenditure of 221% for the period. This is mainly due to application of savings amounting to Kshs. 201.26 million to road maintenance interventions. During the first half of the financial year, the Government introduced austerity measures targeting a budget cut of Kshs. 300.00 billion. The focus of the budget cuts was on recurrent expenditure. As a result, the Board had savings of Kshs. 201.26 million on its recurrent expenditure, which has been re-allocated and applied to Road Maintenance Interventions. The requisite Board approval was obtained for the re-allocation.*
- g) *The difference between the original budget and final (revised) budget is due to reallocations. The requisite Board approval was obtained for the re-allocations.*

NOTES TO THE FINANCIAL STATEMENTS

1.0 GENERAL INFORMATION

Kenya Roads Board (KRB) is a state body corporate established under Chapter 408 of the Laws of Kenya 'Kenya Roads Board Act' which came into effect under Legal Notice No. 7 of 1999. The Board is domiciled and operates within the Republic of Kenya.

As stipulated in the Kenya Roads Board Act, 1999 *"The object and purpose for which the Board is established is to oversee the road network in Kenya and coordinate the maintenance, rehabilitation and development funded by the fund and to advise the Minister responsible for matters pertaining to roads on all matters related thereto."*

2.0 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 entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements are prepared on accrual basis. The cash flow statement is prepared using the indirect method.

3.0 ADOPTION OF NEW AND REVISED STANDARDS

- i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.**
- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

Standard	Effective date and impact:
	<p>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>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

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Standard	Effective date and impact:
	The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

ii. **Early adoption of standards**

The entity did not early - adopt any new or amended standards in year 2022/2023.

4.0 **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 years presented, unless otherwise stated.

(a) *Statement of Compliance*

The financial statements for the year ended 30th June 2023 have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) as issued by International Public Sector Accounting Standards Board (IPSASB), the Public Finance Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Board Act.

For the Public Finance Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Board Act reporting purposes, in these financial statements the "balance sheet" / "statement of assets and liabilities" is represented by and is equivalent to the statement of "financial position" and the "profit and loss account" / "statement of income and expenditure" is presented in the statement of "financial performance".

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(b) Basis of Preparation

The financial statements have been prepared under the historical cost convention, unless otherwise stated. The financial statements are presented in the functional currency, Kenya Shillings (Kshs.), and all values are rounded to the nearest thousands (Kshs. '000) except when otherwise indicated.

(c) Presentation of Financial Statements

The financial statements comprise of statement of financial performance, statement of financial position, statement of changes in net assets/equity and the statement of cash flows and the notes to the financial statements.

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

The disclosure on risks is presented in the financial risk management objectives and policies contained in as part of the notes.

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating, investing, and financing activities.

(d) Budget Information

International Public Sector Reporting Standards allow for non-disclosure where (a) an entity is not required to disclose its budget information publicly and (b) the entity has elected not to present its approved budget publicly.

It is observed that the Approved KRB Budget amounts for the year have not been exceed.

(e) Functional Currencies

(i) Functional and Presentation Currency

The financial statements are presented in the functional currency, Kenya Shillings (Kshs.), which is the Board's presentational currency. The financial information is rounded to the nearest thousands (Kshs. '000) except when otherwise indicated.

(ii) Transactions and Balances

a) Translation of Foreign Currencies

Transactions in foreign currencies during the year are converted into the functional currency using the prevailing exchange rates ruling at

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the dates of the transactions. Assets and liabilities denominated in foreign currencies have been translated at the mean rates of exchange ruling at the end of the reporting period.

The foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized through the statement of financial performance in the year in which they arise.

b) Translation of Foreign Operations

The Board does not have any foreign operations.

(f) *Revenue Recognition*

Revenue is generally recognized in the Statement of Financial Performance on accrual basis.

Interest income from all interest-bearing financial instruments is recognized in the Statement of Financial Performance on accrual basis using the effective interest method.

Other incomes are recognized as they accrue unless the collectability is in doubt.

(g) *Cash and Cash Equivalents*

For purposes of the cash flow statement, cash and cash equivalents comprise of cash and cash balances held at the bank with less than three months maturity from the statement of financial position date. These include notes and coins on hand and deposits held at call with banks.

(h) *Receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Board provides money or services directly to a debtor with no intention of trading the receivable.

Receivables are amounts due from the Kenya Roads Board Fund which are accrued in the ordinary course of business and there is no intention of trading the receivable.

Receivables are recognized initially at the fair value (transaction price/ carrying value less any discounts). They are subsequently measured at amortized costs using the effective interest method less provision for impairment.

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A provision for impairment of receivables is made when there is objective evidence that the Board 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.

Receivables are classified as current assets 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 assets.

(i) *Inventories*

Given the nature of the Board's operations and mandates, items in stock relate to stationery. Stationery costs are recognized as an expense when deployed for utilization in the ordinary course of the Board's operations. As at 30th of June 2023, the Board did not have any inventory.

(j) *Property and Equipment and Depreciation*

All property and equipment are initially stated at cost and thereafter at historical cost less accumulated depreciation and any accumulated impairment loss. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

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 Board and the cost can be reliably measured. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial year in which they are incurred.

Depreciation is calculated on straight line basis at annual rates estimated to write down the carrying value of the assets over their expected useful lives. The annual depreciation rates in use are: -

	<u>Rate</u>		
Computer Equipment	33 1/3%	Motor Vehicles	25.0%
Office Equipment	12.5%	Furniture & Fittings	12.5%

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of

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the asset. Any gain or losses on de-recognition of the asset is included in the Statement of Financial Performance in the year the asset is de-recognized.

Depreciation is charged in full in the year of acquisition of an item of property and equipment while nil depreciation is charged in the year of disposal.

(k) Payables

Payables include any obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and may 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.

(l) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Board as the lessee. All other leases are classified as operating leases.

Where the Board is the lessee, the total payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the expiry of the lease period, any payment required to be made to the lessor by way of penalty is recognized as expense in the year in which termination takes place.

Rentals payable under operating leases are amortized on the straight-line basis over the term of the relevant lease.

(m) Impairment of Non-financial Assets

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At each reporting period end, based on internal and external sources, the Board 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 to determine the extent of the impairment loss.

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

Any 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.

(n) Provisions

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that the Board 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, considering the risks and uncertainties surrounding the obligation.

(o) Retirement Benefit Obligations

The Board operates a defined contribution provident fund for eligible employees. The fund is administered by an independent administration company and Trustees. It is funded by contributions from both the employer and employees.

The Board and its employees also contribute to the statutory pension scheme, the National Social Security Fund (NSSF). Contributions are determined by the local statute and are currently limited to Kshs. 200 per employee per month. The Board also sets aside on quarterly basis the gratuity for its employees who are on contract basis.

The Board's contributions in respect of staff retirement benefit costs are charged to the statement of financial performance, as they fall due or in case of service gratuity as they accrue to each employee.

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(p) Guarantees, Acceptances and Letters of Credit

Guarantees are accounted for as off statement of financial position transactions and disclosed as contingent liabilities.

(q) Subsequent Events

There have been no subsequent events that would have an impact on the financial statements for the year ended 30th June 2022.

(r) Comparatives

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year

5.0 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY - (CRITICAL ACCOUNTING ESTIMATES,
JUDGEMENTS AND ASSUMPTIONS)

In the process of applying the Board'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.

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

(a) Critical Judgments in applying the Board's accounting policies

In the process of applying the Board'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

(i) Useful Lives of Property, Plant and Equipment

The directors make estimates in determining the depreciation rates for property and equipment. The rates used are set out in the accounting policy (j) above for property and equipment.

The Board reviews the estimated useful lives of plant and equipment at the end of each reporting period. During the financial year, no changes to the useful lives were identified by the directors.

(ii) Contingent Liabilities

As disclosed in these financial statements, the Board 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 Board incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

(iii) Provision for Doubtful Debts

The organization reviews its travel advances portfolio to assess the likelihood of impairment. Provision for impairment of receivables is established when there is objective evidence that the Board 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.

(iv) Other Provisions

Other provisions are recognized when the Board has legal or constructive obligation because 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.

(v) Impairment Losses

At each reporting period end, the Board 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 to determine the extent of the impairment loss.

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

6.0 SEGMENT REPORTING

The Board does not have any branches/reporting segments. All the operations of the Board are managed from the registered office. The core business of the Kenya Roads Board continues to be management of the Kenya Roads Board Fund together with other mandates as stipulated in the Kenya Roads Board Act.

There is no distinguished component of the Board that is engaged in providing an individual service that is subject to risks and returns that are different from the main mandates of the Board.

7.0 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board has initiated and facilitated the process that will see the enhancement of risk management. The Board has an integrated risk management framework/strategy. The Board'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 Board 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 Board'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.

This risk management framework captures the following among other things: -

- The Board's risk appetite and parameters;
- The Board's risk matrix that highlights the rating of risks;
- The structure of managing risks and accountabilities
- The processes, procedures and reports that manage risks;
- The mitigating factors, prevention, contingency plans, and controls.

The Board's 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.

- a) Operational risks are events, hazards, variances, or opportunities which could influence the achievement of the Board's compliance and operational objectives.
- b) 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.

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- c) Business continuity risks are those events, hazards, variances, and opportunities which could influence the continuity of the entity.

One of the keys risks the Board has identified in both the operational and strategic areas is the sustainability of the Road Maintenance Levy in line with the Constitution. Financial risk as defined in IPSAS 15 and the management thereof, form part of this risk area.

The Members of the Board have the overall responsibility for the establishment and oversight of the Board's risk management framework. The Board 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 business continuity and survival. Most of the financial risks arising from financial transactions and processes are managed by the 'Finance and Planning Committee' of the Board.

The Board'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 Board 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 Board 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, capital and loan commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The Board 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 Board's liquidity and funding management process includes: -

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- 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 a diverse range of funding sources with adequate back up facilities,
- Managing the concentration and profile of debt maturities, where applicable,
- Maintaining liquidity and funding contingency plans.

The table shows the undiscounted cash flows on the Board's financial assets and liabilities on the earliest possible contractual/maturity date. The liquidity ratio in FY 2022/23 is 1.72 (FY 2021/22: 1.25)

Financial Assets	Note	2022/23	2021/22
		KShs '000	KShs '000
Cash and Cash equivalents	20	28,288,669	45,232,010
Work in Progress	21	9,838	0
Receivables	22	3,750	3,114
Total Financial Assets		28,302,257	45,235,124
Financial Liabilities			
Payables	24	16,443,017	36,124,247
Total Financial Liabilities		16,443,017	36,124,247
NET LIQUIDITY		11,859,240	9,110,877
LIQUIDITY RATIO		1.72	1.25

The Board has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities. All guarantees issued are approved by the Members of the Board and are administratively managed by the finance department.

The primary sources of revenue for the Board are receipts from the Kenya Roads Board Fund, mainly receipts from fuel levy fund. The Board pursuing additional sources of revenue for which approval has been sought from Ministry of Finance.

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 Board is exposed to the following market risks: -

(i) *Currency Risk*

Currency risk arises primarily from purchasing imported goods and services from overseas or indirectly via local supplies. The currency risk is minimal as cash and cash equivalents held with banks are dominated in Kenya Shillings and there are minimal dealings in foreign currency.

(ii) *Price Risk*

The Board is exposed to the price risk of the fuel levy. The Board collects Kshs. 18 per liter of diesel/petrol imported into the country. The Board 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 is backed up by an Act of Parliament; changes thereof require approval by Parliament.

(iii) *Interest Rate Risk*

The Board is exposed to various risks associated with effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margin may increase as a result of such changes but may reduce losses if unexpected movement arises.

The Board closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities on the statement of financial position. The interest rates on call deposits held in financial institutions are fixed and agreed upon on monthly basis. The management is in regular contact with the approved banks in a bid to obtain the best interest rates and therefore able to plan for the resulting income.

The interest rate risk is minimal as the Board does not have any borrowings.

c) *Operational Risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Board'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 Board 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.

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The Board's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Board'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: -

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of financial transactions
- Compliance with regulatory and legal requirements
- Documentation of controls and procedures
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified
- Requirement for the reporting of operational losses and proposed remedial action
- Development of Business Contingency Plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where it is effective.

Operational risks are documented in the 'Framework for Management Control' and 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.

d) Compliance and Regulatory Risk

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

e) Legal Risk

Legal risks are 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 Board, failure to protect the title to and liability to control the rights to assets of the Board (including intellectual property right), changes in law, or jurisdictional risk.

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The Board manages legal risk through the 'Audit and Risk Committee,' legal function, legal risk policies and procedures and the effective use of internal controls and external lawyers.

8.0 LEVIES, FINES AND PENALTIES

	2022/23	2021/22
	KShs '000	KShs '000
Road Maintenance Levy	84,398,576	85,302,942
Total	84,398,576	85,302,942

Revenue represents receipts of Road Maintenance Levy and Transit tolls from the Kenya Revenue Authority, and Interest Income.

The Board did not receive any transfers of any form, (including assets, gifts, donations, goods and service-in-kind, advance receipts, pledges, expenses paid on behalf and concessionary loans) from national and local government, public entities, Donor & International development agencies.

9.0 FINANCE INCOME

	2022/23	2021/22
	KShs '000	KShs '000
Interest Income	2,038,670	2,130,804
Total	2,038,670	2,130,804

10.0 DISBURSEMENTS

The Board allocated funds to the road agencies as per the table below;

Agency	Total	Total
	2022/23	2021/22
	KShs '000	KShs '000
Kenya National Highways Authority	27,740,461	34,085,408
Allocation by KRB/Ministry	6,800,365	8,150,728
Kenya Wildlife Service	680,037	815,073
Kenya Rural Roads Authority	21,761,169	19,430,358
Kenya Urban Roads Authority	10,200,548	9,107,980
Other Programmes	0	9,770,082
Road Annuity Programme	13,590,000	16,151,186
Kenya Roads Board	0	412,217
Total Funds Disbursed in the Year	80,772,580	97,923,032

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11.0 USE OF GOODS AND SERVICES

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Advertising & Publicity	50,279	59,978
Audit fees	2,900	2,900
Conferences & Seminars	74,697	74,782
Rent & Rates	68,139	55,821
Telephone, Postages & Internet	1 0,651	10,395
Travelling, Vehicle Maintenance & Repairs	24,192	21,235
General Office Expenses	47,443	43,033
Office Printing & Stationery	7,073	7,399
Total	285,375	275,543

12.0 EMPLOYEE COSTS

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Staff Emoluments	406,525	366,798
Training & Development	99,920	68,598
Other Staff Costs	28,338	26,867
Total	534,784	462,263

Other Staff Costs include staff welfare costs and staff recruitment & surveys costs.

The average number of employees during the year was: -

No. of Employees	2022/23	2021/22
Regular Employees	100	91
Contract Employees (Internship Programme)	8	12
Contract Employees (Graduate Engineers Programme)	31	43
Total	139	146

13.0 BOARD EXPENSES

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Directors Emoluments	14,990	21,779
Insurance	529	343
Field Activity Costs	3,313	6,134
Training	39,281	29,399
Board Evaluation/Induction	4,894	40
Total	63,007	57,694

Directors' emoluments include members sitting allowances, lunches, and chairperson's honoraria. Field activity costs include costs incurred for directors' field activities and transport & accommodation.

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14.0 STRATEGIC IMPLEMENTATION COSTS

	2022/23	2021/22
Departments/Sections	KShs '000	KShs '000
Executive & Other Board Activities	23,884	14,885
Urban & Park Roads Directorate	12,732	12,763
Policy & Strategy Directorate	12,936	12,362
Highways Directorate	12,608	12,873
Rural & County Roads Directorate	12,888	12,940
Finance & Fund Mgmt. Directorate	13,785	14,973
Corporate Services Directorate	24,232	19,450
Legal Services Directorate	4,790	9,872
Supply Chain Management Dept.	2,559	2,971
Regional Offices	20,944	0
Total	141,358	113,091

Strategic Plan implementation costs are incurred by departments and sections towards the realization of the Board's Strategic plan implementation and other routine functions of the Board.

15.0 DEPRECIATION

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Depreciation	51,472	54,351
Total Other Operating Costs	51,472	54,351

16.0 CONTRACTED SERVICES

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Legal Fees	20	838
Staff Medical Insurance	41,776	41,404
Security	6,895	4,747
Consultancies	19,979	179,293
Total	68,670	226,282

17.0 CORPORATE SOCIAL RESPONSIBILITY

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Corporate social responsibility	360,315	253,792
Total Other Operating Costs	360,315	253,792

The Board's contribution towards the Corporate Social Responsibility (CSR) amounted to Kshs 360.31 million (FY 2021/22: Kshs. 253.79 million).

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These costs mainly related to Road Maintenance interventions undertaken by the Board amounting to Kshs. 273.15 million, Graduate Engineers programme amounting to Kshs. 58.32 million and Other CSR activities amounting to a total of Kshs. 28.83 million.

18.0 GAIN/(LOSS) ON SALE OF ASSETS

	2022/23	2021/22
	KShs '000	KShs '000
Gain on Disposal of Assets	124	140
Total	124	140

19.0 GAIN/(LOSS) ON FOREIGN EXCHANGE TRANSACTIONS

	2022/23	2021/22
	KShs '000	KShs '000
Unrealized Gain/(Loss) on FOREX	1,658	1,153
Total	1,658	1,153

20.0 CASH & CASH EQUIVALENTS

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Amounts held in Kenya Shs.	28,280,059	45,232,010
Amounts held in USD	10,268	0
Total Cash & Cash Equivalents	28,290,327	45,232,010

The Board is not exposed to credit risk on cash and bank balances as they are held with sound financial institutions approved by Central Bank of Kenya. The carrying amounts of the Board's cash and cash equivalents are dominated in Kenya Shillings.

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.

21.0 WORK IN PROGRESS

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Enterprise Resource Programme	9,838	0
Total Work in Progress	9,838	0

Work in progress amounting to Kshs. 9.83 million relates to the KRB Enterprise Resource Programme (ERP) whose implementation is currently ongoing. It is expected that the implementation of the ERP will be completed by end of the 3rd quarter of FY 2023/2024.

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22.0 RECEIVABLES

Receivables constitute short term liquid assets which are recoverable within one year. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Board does not hold any collateral as security.

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Prepayments & Deposits	1,728	1,728
Cash Imprests and Advances	2,021	1,385
Total Receivables	3,750	3,114

The aged analysis of receivables is as follows:

	0-6 months	6-12 months	Total
Particulars	KShs '000	KShs '000	KShs '000
Deposits & Prepayments	-	1,728	1,728
Cash Imprests and Advances	2,021	-	2,021
	2,021	1,728	3,750

23.0 PROPERTY AND EQUIPMENT

	COMPUTER & SOFTWARE	FURNITURE & FITTINGS	MOTOR VEHICLES	OFFICE EQUIPMENT	TOTAL
Depreciation Rate	33.3 %	12.5 %	25 %	12.5 %	
Acquisition Cost					
1. Cost at start of the year	31,166,941	31,642,515	22,661,993	7,465,977	92,937,427
2. Additions/Purchases	26,430,082	103,007,049	12,780,000	5,123,571	147,340,702
3. Revaluation	3,099,468	1,722,335	15,198,007	1,234,873	21,254,683
4. Cost of Disposed assets	(7,000)	(8,000)	(1,000,000)	(231,000)	(1,246,000)
Total - Acquisition Cost	60,689,491	136,363,899	49,640,000	13,593,421	260,286,811
Depreciation					
1. Depn. at start of the year	0	0	0	0	0
2. Depn. For the period	(20,223,577)	(17,139,223)	(12,410,000)	(1,699,178)	(51,471,978)
3. Depn. of Disposed assets	0	0	0	0	0
Total - Depreciation	(20,223,577)	(17,139,223)	(12,410,000)	(1,699,178)	(51,471,978)
Net Book Value (30th June 2023)	40,465,914	119,224,676	37,230,000	11,894,243	208,814,834

The Board is of the opinion that the net book values represent the fair value of the equipment.

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24.0 PAYABLES

Payables are expected to be settled in KRBs normal operating cycle and within twelve months after the reporting period and are not attached to an unconditional right to defer payment of the liability for at least twelve months after the reporting period.

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Road Agency Balances Payable	15,423,651	23,782,125
Other Road Activities Payable & Roads annuity Funds	407,425	12,026,899
Trade & Other Payables	611,941	315,324
Total Payables	16,443,017	36,124,347

Trade and Other payables related to accrued expenses during the year, trade and taxes payable to Kenya Revenue Authority. The payables are incurred in the normal course of business and were settled in the period subsequent to the report date.

The maturity analysis of payables is as follows:

	0-6 months	6-12 months	Total
Particulars	KShs '000	KShs '000	KShs '000
Road Agency Balances Payable		15,423,651	15,423,651
Other Road Activities Payable		407,425	407,425
Trade & Other Payables	611,941		611,941
	611,941	15,831,076	16,443,017

25.0 KRB FUND RESERVES

	2022/23	2021/22
Particulars	KShs '000	KShs '000
KRB Fund reserves	11,599,948	8,539,060
Total KRB Operations reserves	11,599,948	8,539,060

KRB Fund reserves increased from Kshs. 8.53 billion in prior period to Kshs. 11.59 billion in the review period.

26.0 KRB OPERATIONS RESERVES

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Accumulated KRB Operations reserves	29,582	349,263
Total KRB Operations reserves	29,582	349,263

KRB Operations reserves decreased from Kshs. 349.26 million in prior period to Kshs. 29.58 billion in the review period.

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27.0 KRB STAFF FUNDS

	2022/23	2021/22
Particulars	KShs '000	KShs '000
KRB Car Loan Staff Fund	57,746	57,172
KRB Mortgage Scheme Staff Fund	361,182	258,320
Total KRB Staff Funds	418,928	315,491

The Board established independently managed Car Loan and Mortgage Scheme Funds for members of staff. KRB Staff funds increased from Kshs. 315.49 million in prior period to Kshs. 418.92 million. The growth is represented by a transfer of Kshs. 100.00 million from KRB operations reserves and Kshs. 3.43 million being bank interest earned during the year.

28.0 ASSET REVALUATION RESERVE

	2022/23	2021/22
Particulars	KShs '000	KShs '000
Assets Revaluation reserve	21,255	0
Total Assets Revaluation Reserve	21,255	0

During the year, the Board carried out an independent revaluation of its loose assets resulting to a reserve of Kshs. 21.25 million.

29.0 RETIREMENT BENEFITS SCHEME OBLIGATIONS

The Board operates a defined contribution retirement benefit plan for eligible employees. The assets of the plan are held separately from those of the Board in funds under the control of trustees. The scheme is administered by an independent administration company and is funded by contributions from the Board and employees. The Board's obligations to the staff retirement benefits plan are charged to the Statement of Financial Position as they fall due or, in the case of service gratuity, as they accrue to each employee.

The Board also makes contributions to the statutory defined contribution scheme, National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The Board's obligations under the Scheme are limited to specific contributions legislated from time to time, which are currently at Kshs. 200 per employee per month.

The total pension expense recognized in the income statement of Kshs. 24.36 million (FY 2021/22: Kshs. 27.81 million) represents contributions payable to the plan by the Board at rates specified in the rules of the plan. The expense has been included within the staff pension costs under staff costs.

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30.0 FAIR VALUE

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

31.0 CAPITAL COMMITMENTS

All capital commitments contracted for/authorized at the reporting period end have been recognized in the financial statements.

32.0 POST BALANCE SHEET EVENTS

The Directors are not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of Kenya Roads Board and results of its operation as laid out in these financial statements.

33.0 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

34.0 CURRENCY

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