

REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 JUN 2024	DAY OF Wednesday
TABLED BY: Deputy Majority Leader Hon. Owen Bayo, MP	
CLERK AT THE TABLE: Minam Mado	

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

NATIONAL CONSTRUCTION AUTHORITY

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



NATIONAL CONSTRUCTION AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Table of Contents.....		Page
1.	Acronyms, Abbreviations and Glossary of Terms.....	iv
2.	Key Entity Information and Management.....	vi
3.	The Board of Directors.....	xii
4.	Key Management Team.....	xxv
5.	Chairman’s Statement.....	xxxix
6.	Report of the Chief Executive Officer.....	xxxiii
7.	Statement of Performance against Predetermined Objectives for FY 2022/23.....	xxxv
8.	Corporate Governance Statement.....	xxxviii
9.	Management Discussion and Analysis.....	xlvi
10.	Environmental and Sustainability Reporting.....	lx
11.	Report of the Directors.....	lxvi
12.	Statement of Directors Responsibilities.....	lxviii
13.	Report of the Independent Auditor for the Financial Statements of National Construction Authority for the year ended June 30, 2023.....	lxx
14.	Statement of Financial Performance for the year ended 30 June 2023.....	1
15.	Statement of Financial Position as at 30 June 2023.....	3
16.	Statement of Changes in Net Assets for the year ended 30 June 2023.....	4
17.	Statement of Cash Flows for the year ended 30 June 2023.....	5
18.	Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023.....	7
19.	Notes to the Financial Statements.....	8
20.	Appendices.....	45

Table of Figures

Figure 1: Revenue Trends xviii
Figure 2: Revenue by Source xlix
Figure 3: Recurrent Expenditure Trends 1
Figure 4: Expenditure by Vote..... li
Figure 5: Project Inspections..... lvi
Figure 6: Project Registration Trends..... lvii

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

Arch.	Architect
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CPA	Certified Public Accountant
DOB	Date of Birth
ED	Executive Director
Eng.	Engineer
FA	Financial Analyst
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
Qs.	Quantity surveyor
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
US	United States
WB	World Bank
WIP	Work in progress
YOB	Year of Birth

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The National Construction Authority was established through the National Construction Authority (NCA) Act No. 41 of 2011. The object for which the Authority is established is to oversee the construction industry and coordinate its development.

(b) Principal Activities

The Authority is Mandated to: -

- Promote and stimulate the development, improvement and expansion of the construction industry;
- Advise and make recommendations to the Cabinet Secretary on matters affecting or connected with the construction industry;
- Undertake or commission research into any matter relating to the construction industry;
- Prescribe the qualification or other attributes required for registration;
- Assist in the exportation of construction services connected to the construction industry;
- Provide consultancy and advisory services with respect to the construction industry;
- Encourage the standardization and improvement of construction techniques and materials;
- Promote and ensure quality assurance in the construction industry;
- Enforce the prescribed Building Code in the construction industry.
- Initiate and maintain a construction industry information system;
- Provide, promote, review and co-ordinate training programs organized by public and private accredited training centers for skilled construction workers and construction site supervisors;
- Accredite and register contractors and regulate their professional undertakings;

- Accredit and certify skilled construction workers and construction site supervisors;
- Develop and publish a code of conduct for the construction industry, and
- Do all other things that may be necessary for the better carrying out of its functions under the Act.

Vision

“An innovative, well-coordinated and prosperous construction industry”

Mission

“To regulate, facilitate and build capacity in the construction industry through strategic interventions and partnerships for sustainable socio-economic development”

Core values

As a public sector institution, the Authority is dedicated to excellence and provision of high-quality professional service to its customers. The Authority’s core values are:

- Professionalism
- Ethics and Integrity
- Efficiency
- Innovation
- Environmental stewardship
- Team spirit

(c) Key Management

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

Table 1: Key Management

No.	Designation	Name
1.	Board of Directors	
2.	Executive Director	Eng. Maurice Akech, MBS
3.	General Manager, Corporate Services	CPA. James Kilonzi
4.	General Manager, Registration and Compliance	Qs. Susan Rutto
5.	Ag. General Manager, Construction Research, Business Development and Capacity Building	Arch. Juliet Kabere
6.	Manager, Finance and Accounts	CPA. Christine Kirimi
7.	Manager, Supply Chain	Dr. Vincensia Apopa, Phd
8.	Manager, Human Resource	CHRP. Paul Kariuki,
9.	Manager, Administration	Mr. Daniel Kemei,
10.	Manager, Legal/Corporation Secretary	Mr. Samson Lukoba
11.	Manager, Planning, Quality Assurance and Risk Management	Mr. Paul Gesora
12.	Manager, Internal Audit	CPA. Anthony Ochieng
13.	Manager, Registration	Eng. Raymond Karani
14.	Manager, Corporate Communications	Ms. Wangui Kabala
15.	Manager, Compliance	Arch. Stephen Mwilu
16.	Manager, ICT	Ms. Annette Okello
17.	Ag. Manager, Construction Research and Business Development	Eng. Stephen Nyakondo

(d) Fiduciary Management

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

Table 2: Fiduciary Management

No.	Designation	Name
1.	Executive Director	Eng. Maurice Akech, MBS
2.	General Manager, Corporate Services	CPA. James Kilonzi
3.	General Manager, Registration and Compliance	Qs. Susan Rutto
4.	Ag. General Manager, Construction Research, Business Development and Capacity Building	Arch. Juliet Kabere

(e) Fiduciary Oversight Arrangements

The Authority has identified risk management as a priority area. This is premised on the effect the risks have on the achievement of the strategic objectives of the Authority and the industry at large. The Board Audit Committee is charged with the mandate to oversee the Authority's risk procedures, review and approval of key risk policies, risk authorities and risk tolerances, governance and internal controls.

Finance, Administration and Development Committee of the Board is charged with the responsibility of providing oversight over the financial operations of the Authority. The Committee is responsible for the following functional areas of the Authority Finance & Accounts; Supply Chain; Planning, Quality Assurance & Risk Management; Legal; ICT; Corporate Communications and Administration. The Committee ensures that the policies, procedures and internal controls for the departments are effective.

Article 95 (4) (c) states that The National Assembly exercises oversight over national revenue and its expenditure. The National Assembly exercises this

oversight over the Authority through the Departmental Housing, Urban Planning and Public Works committee. In addition, the other committees of the National Assembly under which the oversight is exercised includes the Public Accounts Committee and the Public Investments Committee.

In addition to the implementation of the ERM framework, to address the inherent operational risks, the Authority has formulated comprehensive policies and procedures which are constantly under review to address any emerging risks. The board has since approved the overarching and operational risk management policies for implementation by management. Other measures instituted to mitigate against operational risks includes: effective segregation of duties; annual risk reviews; staff education and sensitization; authorization levels; and entrenching risks management culture.

(f) Entity Headquarters

9th Floor, KCB Towers, Kenya Road,
P.O Box 21046-00100,
NAIROBI.

(g) Authority Contacts

Tel : +254 709 126 102/172/173.
Email : info@nca.go.ke
Website : www.nca.go.ke

(h) Authority Bankers

Kenya Commercial Bank Ltd,
Milimani Branch,
NSSF Building, Bishops Road,
P.O. Box 69695 – 00400

NAIROBI.

NCBA, Upper Hill Branch,
CBA Building, Mara and Ragati Roads,
P.O Box 30437-00100

NAIROBI.

Co-operative bank of Ltd

Upper Hill Branch,

KUSSCO Centre

P.O Box 30415-00100

NAIROBI.

Consolidated Bank of Kenya Ltd

Koinange Street Branch,

Consolidated Bank House,

P.O Box 51133 - 00200

NAIROBI.

(i) Independent Auditor

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice


Harambee Avenue


P.O. Box 40112

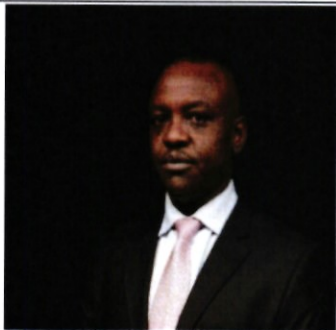
City Square 00200

Nairobi, Kenya

3. The Board of Directors



Ref	Directors	Details
1.	 <p>Qs. David Gaitho, MBS Chairperson of the Board, Representing the Institute of Quantity Surveyors of Kenya (IQSK) Y.O.B 1969 Appointed on 20.01.2020 Term lapsed 19.1.2023</p>	<p>Qs. David Gaitho has over 28 years' experience in the construction industry, having worked in both the public and private sectors. He is a registered Quantity Surveyor with the Board of Registration of Architects and Quantity Surveyors (BORAQS), a Fellow of the Institute of Quantity Surveyors (IQSK), a Fellow of the Royal Institution of Chartered Surveyors (RICS) and a Fellow of the Institution of Construction Project Managers (ICPMK). Qs. Gaitho has served professional associations with distinction as Chairman of IQSK and currently as the President of the Africa Association of Quantity Surveyors (AAQS). Qs. Gaitho holds a Masters of Science (Msc) in Project Management from the University of Liverpool and a Bachelor's Degree in Building Economics from the University of Nairobi.</p>


<p>2.</p>	 <p>Mercy Okiro, Adv Vice Chairperson of the Board, Representing the Law Society of Kenya Y.O.B 1988 Appointed on 06.10.2021</p>	<p>Mercy Okiro is an independent arbitrator and Advocate of the High Court of Kenya. She has vast experience in both domestic and international arbitration. Her expertise includes acting as both counsel and arbitrator in disputes across a variety of industries including construction, infrastructure, property, commercial and shareholder disputes.</p> <p>She is an Accredited Tutor, Assessor and Accredited Mediator of the Chartered Institute of Arbitrators (London) and the Nairobi Centre for International Arbitration (NCIA) as well as an Adjunct Faculty Member at the Kenya School of Law and Strathmore University where she teaches arbitration and mediation. Mercy holds a Master of Arts degree in International Studies from the University of Nairobi and a Master of Laws degree in International Commercial and Investment Arbitration with Queen Mary University of London. She holds professional certifications in corporate governance, trade law and policy, construction adjudication, ESG governance, legal audits, arbitration, mediation and sports disputes resolution. She is currently getting her</p>
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		<p>certifications in FIDIC construction and Construction Adjudication. Mercy is on the panel of Neutrals of various institutions locally and regionally. She is also listed on the panel of lawyers of the Sports Disputes Tribunal in Kenya and the Court of Arbitration for Sports in Lausanne, Switzerland. She is a multiple award-winning arbitrator</p>
<p>3.</p>	 <p>Waweru Gathecha Board Member, representing the Architectural Association of Kenya Y.O.B 1972 Appointed on 06.10.2021</p>	<p>Mr. Gathecha is a registered Architect and the Managing Partner at Waweru & Associates Architects, an architectural firm based in Nairobi. He has undertaken projects in the United Kingdom, Kenya, Rwanda and South Sudan. He graduated with a degree in architecture from the University of Nottingham, United Kingdom, in 1998. He is also a Fellow of the Architectural Association of Kenya (AAK) and a Corporate Member of the Royal Institute of British Architects (RIBA). He also serves as a Board Member on the Board of Registration of Architects and Quantity Surveyors of Kenya (BORAQS). Mr. Gathecha is a past president of the Architectural Association of Kenya, and a past council member of the East Africa Institute of Architects, Africa Union of Architects, and the International Union</p>


		<p>of Architects. He has served the Commonwealth Association of Architects as a validation panel member, and in this capacity was involved in the validation of Architectural education course outcomes at schools of architecture across several African countries. He has also served a Sector Board Chairperson at the Kenya Private Sector Alliance (KEPSA).</p>
<p>4.</p>	 <p>Prof. Godrick Bulitia Board Member, representing Special Interest Groups Y.O.B 1977 Appointed on 05.05.2020 Term lapsed 04.05.2023</p>	<p>Prof. Bulitia is the Deputy Vice – Chancellor, Academics and Students Affairs at Maasai Mara University. Before his current post, he served as the Chief Executive Officer of Kaimosi Friends University, now a constituent college of Masinde Muliro University of Science and Technology. He has a PhD in Business Administration from Maseno University, as well as an MBA and Bachelors (Education), both from the University of Nairobi. As a career educator, Prof. Bulitia pioneered the e-learning modules for Maseno University and has helped develop curriculums for various universities both locally and abroad. He has been published in over nineteen (19) internationally peer reviewed scientific papers and journals, in addition to publishing a university</p>


		<p>level book in Human Resource Management. Prof. Bulitia also serves on the Board of The Centre for Corporate Governance Alumni Network. Prof. Bulitia is currently serving in the Board for the second term having been appointed first on 12.05.2017.</p>
<p>5.</p>	<div data-bbox="347 667 676 994" data-label="Image"> </div> <p>Mr. Peter Musango Board Member, representing Roads and Civil Engineering Contractors Association (RACECA) Y.O.B 1966 Appointed on 06.10.2021</p>	<p>Mr. Peter Musango is registered as a graduate engineer with the Engineers Board of Kenya (EBK). He graduated with a BSc Civil Engineering (Hon) from the University of Nairobi in 1990 and gained training from the Ministry of Works and Water as well as Private Consulting Engineers in Kenya before his engagement in the private sector from 1994. He has been involved in various water, sanitation, building, roads and civil engineering infrastructure projects in Kenya, Uganda and South Sudan. Mr. Peter Musango has continuously practiced over the last 31 years. He currently serves as the Managing Director and Chief Executive Officer of a construction company and also serves as a Director in various private companies and public schools in Kenya. He is also the Secretary of the Roads and Civil</p>



		Engineering Contractors Association (RACECA).
6.	 <p>Eng. Stephen Kogi, OGW Board Member, representing the Principal Secretary, State Department for Infrastructure. Y.O.B 1964 Appointed on 01.09.2015</p>	Eng. Stephen Kogi is a Civil Engineer registered with the Engineers Board of Kenya. He has been involved in key infrastructural projects in the industry over the last twenty years. He also possesses a wide range of corporate governance experience in his appointment to the Board of the Authority representing the State Department of Infrastructure.
7.	 <p>Mr. Kennedy Sagini Board Member, representing the Kenya Federation of Master Builders (KFMB) Y.O.B 1969 Appointed on 06.10.2021</p>	Mr. Kennedy Sagini is a Managing Director at SAK- Way Holdings Limited. He has been involved in various construction projects and served as a Site Engineer at Masosa Construction Company Limited and also as a Project Manager at Sakem Construction. His experience in the construction industry spans over 27 years.


<p>8.</p>	 <p>Mr. Kalpesh Hirani Board Member, representing the Kenya Association of Building & Civil Engineering Contractors (KABCEC) Y.O.B 1977 Appointed on 06.10.2021</p>	<p>Mr. Kalpesh Hirani is a Director of a construction company based in Nairobi County engaged mainly in the construction of commercial and residential buildings. Mr. Hirani is well versed with mandatory, legislative and contractual requirements of construction projects. He has a strong background in Project Management and Project Coordination with various consultants and relevant bodies in the construction industry</p>
<p>9.</p>	 <p>F.A. Paul Kiagu Board Member, representing the Cabinet Secretary National Treasury and Planning Y.O.B 1969 Appointed on 23.04.2020</p>	<p>F.A. Paul Kiagu is a graduate from Kenyatta University with B.A Economics and Masters in Applied Economics (Finance). He is also a Certified Investment and Financial Analyst with the Institute of Certified Investment and Financial Analysts (ICIFA). He is a member of Economists Society of Kenya (ESK) and the Institute of Certified Investment and Financial Analysts (ICIFA). He works at the National Treasury as an Economist/Financial Analyst dealing with the analysis of budgets, financial reports and Government of Kenya (GOK) on-lend loans to State Corporations. He is also involved in the implementation of Public</p>

		<p>Finance Management Reforms (PFMR). He represents the National Treasury in the Public Investment Committee (PIC) in Parliament on policy matters relating to Government Investments and Public Enterprises. He has a wide range of experience in various Boards of State Corporations having represented the Cabinet Secretary from 2012.</p>
<p>10.</p>	 <p>Dr. Qs. Patrick M. Bucha, MBS Board Member, representing the Principal Secretary, State Department for Housing & Urban Development. Y.O.B 1964 Appointed on 02.06.2020 Term lapsed on 12.04.2023</p>	<p>Q.s Bucha holds a PhD in Leadership and Governance, Master's Degree in Building Management and a Bachelor's degree in Building Economics, both from the University of Nairobi. Served as part time lecturer in Architectural Department, University of Nairobi. He is a registered Quantity Survey and has worked with the Government for over 30 years in various positions including, Deputy Director Housing, Programme Coordinator, Kenya Slum Upgrading Programme (KENSUP), Project Manager, Civil Servants Housing Programme and Director of Estates Management in charge of all government houses. He served as Managing Director, National Housing Corporation and chaired a team on housing bond issue and capital restructuring of the Corporation. Currently, he serves as the Secretary</p>

		<p>Housing in the State Department of Housing and Urban Development in charge of implementing the Housing Agenda under the Big Four Agenda, formulation of housing policies and laws as well as coordinating implementation of National Police and Kenya Prisons Services housing, Slum Upgrading and Civil Servants Housing. His Excellency the President honored him with Moran of the Order of the Burning Spear (MBS) on 12th December, 2011 for his contribution in the housing sector.</p>
<p>11.</p>	<div data-bbox="336 1010 687 1326" data-label="Image">  </div> <p>Qs. Said Athman, EBS Board Member, representing the Principal Secretary, State Department for Housing & Urban Development. Y.O.B 1965 Appointed on 12.04.2023</p>	<p>Qs. Said Athman is an experienced professional and registered Quantity Surveyor with the Board of Registration of Architects and Quantity Surveyors (BORAQS). He joined the Ministry in 2008 where he worked under the Ministry of National Heritage and Culture, the Ministry of Mining and the Ministry of Tourism as the Culture Secretary before joining the Ministry of Housing as the Housing secretary. He has been awarded the EBS, Golden Award of the Presidential Award scheme and Lion Scout of the Kenyan Scout by His Excellency the President. Qs. Said Athman holds a Master of Science in Urban and Regional Planning and</p>

		<p>Bachelor of Arts in Building Economics both from University of Nairobi.</p>
<p>12.</p>	<div data-bbox="320 405 667 745" data-label="Image">  </div> <p>Arch. Jackson Mutua Board Member, representing State Department for Public Works Y.O.B 1963 Appointed on 21.10.2020 Term lapsed on 25.08. 2022.</p>	<p>Arch. Jackson Mutua is a seasoned professional and registered architect with the Board of Registration of Architects and Quantity Surveyors (BORAQS). He started his career in the private sector with Plano-consult (Architects & Planners) for 2 years before joining Ministry of Public Works in the year 1994 and worked in various capacities and regions rising to the level of Regional Works Officer (Upper Eastern) in 2010. From 2012 to 2017, he worked as an Assistant Director in State Department of Housing and Development overseeing development of social & physical infrastructure projects under the Kenya Slum Upgrading Program. He returned to the State Department of Public Works in 2017 and put in charge of all projects under Ministry of Housing and oversaw the delivery of 1370 housing units in Park Road Nairobi under the Affordable Housing Program. Arch. Jackson Mutua holds a Master of Science in Construction Project Management from Jomo Kenyatta University of Agriculture</p>


		<p>and Technology and Bachelor of Architecture from University of Nairobi.</p>
<p>13.</p>	 <p>Eng. Dr. Samuel Charagu, HSC Board Member, representing State Department for Public Works Y.O.B 1964 Appointed on 25.08.2022</p>	<p>Eng. Dr. Samuel Charagu is a Civil Engineer registered under the Engineers Board of Kenya (EBK). He was also a Former Honorary Secretary Council member of institution of Engineers (IEK). Eng. Charagu is currently the Secretary National Building inspectorate, State Department for Public Works under the Ministry of Lands of Housing, Urban Development and Public Works.</p>
<p>14.</p>	 <p>Eng. Maurice Akech, MBS Executive Director/Secretary to the Board.</p>	<p>Eng. Akech was appointed on 27th September 2019 as the second Executive Director and Registrar of Contractors. He previously served the Authority in the capacity of the General Manager for Research, Training and Capacity Building where his main role was to spearhead and provide leadership in the construction Industry on research and training activities as well as consultancy and advisory services that promote its development, coordination and growth. He is a professional</p>




		<p>engineer registered as a civil engineer by Engineer’s Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He holds a master’s degree in Construction Engineering and Management (CEM) and Bachelors of Science degree in Civil Engineering (CE) both from Jomo Kenyatta University of Agriculture and Technology, Kenya. Eng. Maurice has experience spanning over 20 years in design, construction supervision and management as well as leadership in the construction industry. He has worked on mega civil engineering, infrastructure and telecommunications projects in various capacities with international and local companies in Kenya. Some of the companies he has worked for prior to joining NCA include Safaricom Ltd, Gibb Africa and Howard Humphreys Consulting Engineers.</p>
<p>15.</p>	 <p>Samson Lukoba, Adv</p>	<p>Mr. Lukoba is an Advocate of the High Court of Kenya and a Certified Secretary. He has over fifteen years’ experience in both strategic and operational positions in a multinational organization and the public sector. He has a strong legal background with emphasis on Human Resource and</p>






	Corporation Secretary & Head of Legal	Industrial Relations Management with a focus on Compliance and Risk management. Prior to joining NCA, Mr. Lukoba was the Legal and Ethical Trading Manager at Oserian Development Company Ltd. He has also worked with various legal firms, where he worked extensively in litigation. Mr. Lukoba holds a Bachelor of Laws (LLB) from the University of Mumbai (India), a Bachelor of Arts from Panjab University (India) and a Diploma in Law from the Kenya School of Law. He is a member of the Law Society of Kenya and Institute of Certified Public Secretaries of Kenya and currently pursuing Master of Laws in oil and gas in Strathmore University.
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4. Key Management Team


	Management	Details
1.	 <p>Eng. Maurice Akech , MBS</p> <ul style="list-style-type: none"> • Master of Science Construction Engineering and Management • Bachelors of Science degree in Civil Engineering 	<p>Executive Director/Secretary to the board</p>
2.	 <p>CPA James Kilonzi</p> <ul style="list-style-type: none"> • Master of Business Administration (Strategic Management) • Master of Science in Public Policy Analysis • Bachelor of Commerce (Accounting Option) • Certified Public Accountant of Kenya (CPAK) 	<p>GM Corporate Services</p>

<p>3.</p>	 <p>Qs. Susan Rutto</p> <ul style="list-style-type: none"> • Master Business Administration • Bachelor of Arts (Building Economics and Management) 	<p>General Manager, Registration and Compliance</p>
<p>4.</p>	 <p>Arch. Juliet Kabere</p> <ul style="list-style-type: none"> • Master's degree in Urban Management • Bachelor of Architecture 	<p>Ag. General Manager, Construction Research, Business Development and Capacity Building</p>
<p>5.</p>	 <p>Eng. Raymond Karani</p> <ul style="list-style-type: none"> • Master in Business Administration • Bachelor of Science in Civil Engineering 	<p>Manager, Registration</p>

<p>6.</p>	 <p>Arch. Stephen Mwilu</p> <ul style="list-style-type: none"> • Master's degree in Construction Management • Bachelor of Architecture 	<p>Manager, Compliance</p>
<p>7.</p>	 <p>CPA Christine Kirimi</p> <ul style="list-style-type: none"> • Master of Business Administration • Bachelor of Commerce • Certified Public Accountant of Kenya (CPAK) • Certified Investment and Financial Analyst (CIFA) 	<p>Manager, Finance and Accounts</p>
<p>8.</p>	 <p>Daniel Kemei</p> <ul style="list-style-type: none"> • MSc. Human Resource Management • Post Graduate Diploma in Corporate Governance 	

<p>9.</p>	 <p>Paul Gesora</p> <ul style="list-style-type: none"> • Master of Economics • Bachelor of Arts Economics 	<p>Manager, Planning, Quality Assurance and Risk</p>
<p>10.</p>	 <p>CHRP Paul Kariuki</p> <ul style="list-style-type: none"> • Master of Business Administration (Strategic Management) • Executive Masters in Public Policy & Administration • Higher National Diploma in Human Resource Management • Bachelor of Education 	<p>Manager, Human Resource</p>
<p>11.</p>	 <p>Samson Lukoba</p> <ul style="list-style-type: none"> • Bachelor of Laws • Bachelor of Arts • Diploma in Law 	<p>Corporation Secretary and Head of Legal</p>

<p>12.</p>	 <p>Dr. Vincensia Apopa</p> <ul style="list-style-type: none"> • Doctor of Philosophy in Supply Chain Management • Masters in Procurement and Logistics • Bachelor of Science degree in Supplies and Purchasing Management 	<p>Manager, Supply Chain</p>
<p>13.</p>	 <p>Mrs. Wangui Kabala</p> <ul style="list-style-type: none"> • Master of Business Administration • Bachelor of Arts, Communication • Diploma in Business Administration 	<p>Manager, Corporate Communications</p>
<p>14.</p>	 <p>CPA Anthony Ochieng</p> <ul style="list-style-type: none"> • Master of Business Administration • Bachelor of Commerce • Certified Public Accountant of Kenya (CPAK) 	<p>Manager, Internal Audit</p>

<p>15.</p>	 <p>Annette Nasiaki Okello</p> <ul style="list-style-type: none"> • Master of Science in Information Technology Management • Post Graduate Certificate in Global Social and Sustainable Enterprise • Bachelor of Science in Computing 	<p>Manager, ICT</p>
<p>16.</p>	 <p>Eng. Stephen Nyakondo</p> <ul style="list-style-type: none"> • Bachelor of Science Mechanical Engineering 	<p>Ag. Construction and Development Manager, Research Business</p>

5. Chairman's Statement

The Authority commenced the 2022/2023 financial year with celebratory activities to mark its ten-year anniversary, the zenith of which was the Construction Excellence Awards (CEAs) Gala dinner held on 27th January 2023. The Awards are an initiative of the Authority to acknowledge and recognize outstanding contributions of industry practitioners transforming the construction industry through exceptional programs, innovative services and effective administration. The Awards saw contractors and construction workers across different categories feted for exemplary workmanship and professionalism following a four-phased vetting process. Public Works Principal Secretary Mr. Joel Arumonyang graced the occasion as the Chief Guest.

Capacity building and promoting business within the construction industry is a key Authority mandate. Through collaboration with the U.S Embassy in Kenya, this was realized this year with NCA facilitating the participation of Kenyan Contractors in two major construction events namely, World of Concrete and CONEXPO on diverse dates in Las Vegas, USA. These conventions present the contractors with unique opportunities to gain knowledge on enhancement of productivity, automation, cost and quality of raw materials, as well as emerging technologies and opportunities for business. Both delegations included members of the Parliamentary Committee on Housing, Urban Planning and Public Works, NCA Directors and Management. Additionally, contractors through the Authority's facilitation were able to participate in the American Chamber of Commerce's Annual Business Summit in Nairobi, which presented them with the chance to network and establish partnerships with American entities.

Development and Planning Department with a view of establishing feasible areas of collaboration in compliance and enforcement.

From a policy standpoint, the Authority engaged the Senate Committee on Delegated Legislation regarding the National Building Regulations, commonly

referred to as the Building Code. Plans are in place to engage the equivalent Committee of the National Assembly and the Attorney General's office towards passing of the regulations in Parliament. Once passed, the Authority anticipates a holistic and efficient regulatory framework for industry.



Mercy Okiro, Adv

VICE CHAIRPERSON OF THE BOARD

6. Report of the Chief Executive Officer

The 2022/2023 financial year was especially significant to the Authority, marking a decade since we officially commenced our operations.

Establishment of official registers for contractors, construction workers and projects is one of the biggest achievements for the Authority. As at the end of the financial year, the database has **61,704** registered contractors. This financial year, **9,481** construction workers and **2,468** construction site supervisors were accredited. **3,987** projects were registered this financial year, 99% of the set target.

Capacity building remains at the forefront of the Authority's mandate, towards growth and expansion of the construction industry. This includes the Continuous Professional Development (CPD) programme for contractors, the Continuous Technical Development (CTD) programme for skilled construction workers and site supervisors, on-site training for skilled construction workers and exit talks as part of the mentorship programme in various institutions of higher learning, and especially Technical and Vocational Education and Training (TVET) institutions. As at the end of the financial year, the Authority has trained **9,443** contractors, **17,339** construction site supervisors and **4,594** construction workers.

A significant addition to the Authority calendar is the Annual Contractors' Conference, which took place on June 29, 2023. The conference, which is the continuous professional development (CPD) activity of the year, was conceptualised as a platform to display emerging trends as well as to ventilate and address industry challenges. This year's conference attracted contractors from all categories and classes of works and will henceforth be an annual staple. Another stand out event was the Research Dissemination Programme, a three-day exercise that saw the Authority discuss its latest research papers and publicize the same to all stakeholders.

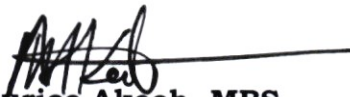
The Authority continues to seek mutually beneficial partnerships and continuously engaged stakeholders at national, regional and county level. This year saw the launch of the constituency-based accreditation drives, having

successfully executed the same in Manyatta and Kesses constituencies. The exercise is set to continue into the next financial year.

The Authority is currently within the newly shifted renewal period, which ends on July 31st 2023. All registered contractors are expected to renew their annual practicing licenses in order to remain in good standing. In the spirit of capacity building, the Authority has waived renewal penalties for Medium, Small and Micro Enterprises (MSMEs).

The Authority also heightened its surveillance and compliance efforts in bid to curb and bring to end incidences of structural failure, with joint enforcement exercises in Nairobi and Kiambu counties, which are especially affected by the collapse of buildings. Thus far, **27,086** construction sites have been inspected with **19,548** suspended for noncompliance.

The new financial year brings with it an opportunity to enrich the mutually beneficial partnerships with our stakeholders across the industry, as we align to the Government's Bottom Up Economic Transformation Agenda (BETA).



Eng. Maurice Akech, MBS

EXECUTIVE DIRECTOR/REGISTRAR OF CONTRACTORS

7. Statement of Performance against Predetermined Objectives for FY 2022/23

The National Construction Authority has five strategic pillars and objectives within its Strategic Plan for the FY 2020/2021- 2024/2025. These strategic pillars are as follows:

- i. Innovation and operational excellence in the Authority;
- ii. Transformed local construction industry through empowerment of local contractors, skilled construction workers and construction site supervisors;
- iii. Safety in all construction works including but not limited to buildings, dams, roads, electrical, mechanical, bridges etc;
- iv. Innovative research and business development;
- v. Capacity in the local construction industry developed and improved.

National Construction Authority develops its annual work plans based on the above pillars. The workplans informs the annual performance contract signed between the Board and the parent ministry. The performance contract is cascaded down to staff of the Authority with the performance appraisals conducted bi-annually. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The National Construction Authority achieved its performance targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the table below:

Table 3: Achievement for the FY 2022-2023

KEY RESULT AREA	OBJECTIVES	ACTIVITIES	KEY PERFORMANCE INDICATORS	FY 2022-2023 ACHIEVEMENTS
Transformed the local construction	Effective and efficient	Register contractors	Register 8,600 contractors	NCA registered 11,727 contractors

industry through the empowerment of local contractors, skilled construction workers and construction site supervisors	registration and accreditation services	Skilled construction workers accredited	30,000 No of skilled construction workers accredited	28,512 No of skilled construction workers accredited
		Construction site supervisors accredited	1,500 No of construction site supervisors accredited	1,410 No of construction site supervisors accredited
Safety in all construction works, including but not limited to buildings, dams, roads, electrical, mechanical, bridges etc	Promote quality assurance in the construction industry	Project registrations	Register 4,000 construction sites	3,987 construction sites registered
		Carry out construction site inspections	Carry out 30,000 construction site inspections	27,086 site inspections carried out
Innovative research and business development	Undertake and commission research into any matter relating to the construction industry Provide consultancy and advisory services related	Carry out and disseminate research findings	No. of reaches disseminated	<p>a) The 3rd Edition of the Annual Construction Research & Innovation Dissemination Forum (CRIDF) was successfully held.</p> <p>b) Publication of two Research papers on COVID impact to the Construction Industry.</p>

	to the construction industry	Consult for and advise stakeholders on matters related to construction industry	No. of consultancies and advisory briefs	Carried 9 Number of consultancies and advisory briefs
Capacity in the local construction industry developed and improved	Build and improve capacity of contractors, skilled construction workers & construction site supervisors	Training programs for construction workers	40 No. of programs	43 programs conducted and trained 21,933 workers
		Training programs for contractors	12 No. of programs	12 programs conducted and trained 9,443 contractors
Innovation and operational excellence in the Authority	Establishment of center for construction industry development	Install and Commission a Building Information Modelling (BIM) solution for the design and Construction of CCID	Install and Commission a BIM solution for the design and Construction of CCID	BIM installed and commissioned

8. Corporate Governance Statement

Corporate governance is the manner in which the power over of an organization is exercised in the stewardship of its total portfolio of assets and resources with the primary objective of increasing and sustaining shareholders value while satisfying the needs of the other stakeholders in the context of the vision and mission of the organization. The Authority is committed to the ideals espoused on this statement and as a result all the Members of the Board and the top management have been trained and certified on corporate governance.

In line with the provisions under the Mwongozo Code of Governance for State Corporations, the Board of National Construction Authority has adopted high standards and applies strict rules of conduct, based on the best corporate practices. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles among others; observance of high standards of ethical and moral behaviour, acting in the best interests of the organization, remunerates and promote fairly and responsibly, recognizes the legitimate interests of all stakeholders and ensures that the organization acts as a good corporate citizen.

Board Composition

Section 7 of the National construction Authority Act No 41 of 2011 prescribes the manner in which the Board of the Authority shall be constituted. The affairs of the Authority are managed by members from various nominating bodies and state organs as stipulated under Section 7(1) of the National Construction Authority Act No. 41 of 2011.

The Board membership is as tabulated in *table 4*;

Table 4: Board Composition

	NAME	DESIGNATION	NOMINATING BODY	REMARKS
1.	Qs. David Mwangi Gaitho	Chairperson	Institute of Quantity Surveyors of Kenya (IQSK)	Term ended on 19 th January 2023 Chair position vacant - Vice Chairperson serving -Ms. Mercy Okiro, Advocate
2.	Mercy Okiro, Adv.	Vice-Chairperson	Law Society of Kenya (LSK)	
3.	Arch. Jackson Mutua	Board Member	State Department for Public Works, Ministry of Lands, Public Works, Housing & Urban Housing Development	Term ended on 25 th August 2022
4.	Qs. Patrick Bucha, MBS	Board Member	State Department for Housing & Urban Development, Ministry of Lands, Public Works, Housing & Urban Development	Term ended on 12 th April 2023
5.	Eng. Stephen Kogi	Board Member	State Department of Roads, Ministry of Roads and Transport	
6.	F.A. Paul Kiagu	Board Member	National Treasury & Economic Planning	
7.	Mr. Waweru Gathecha	Board Member	Architectural Association of Kenya (AAK)	
8.	Mr. Kalpesh Hirani	Board Member	Kenya Association of Building and Civil Engineering Contractors (KABCEC)	

9.	Mr. Peter Musango	Board Member	Roads and Civil Engineering Contractor's Association (RACECA)	
10	Mr. Kennedy Sagini	Board Member	Kenya Federation of Master Builders (KFMB)	
11	Prof. Godrick Bulitia	Board Member	Special Interest Group	Term ended on 3 rd May 2023
12	Eng. Dr. Samuel Charagu, HSC	Board Member	State Department for Public Works, Ministry of Lands, Public Works, Housing & Urban Development	Appointed on 25 th August 2022
13	Qs. Said Athman, EBS	Board Member	State Department for Housing & Urban Development, Ministry of Lands, Public Works, Housing & Urban Development	Appointed on 12 th April 2023
14	Eng. Maurice Akech, MBS	Executive Director	Ex-Officio Member	

The Board is keen on reviewing the overall framework of the internal controls and the assessment of management process and the adoption of the appropriate policies, regulations and codes of ethics. It is also responsible for ensuring that the Authority complies with the law and highest standards of the corporate and business ethics.

The Chairperson of the Board is an independent member. The powers of the Chairperson and those of the Executive Director are clearly stipulated and there is no conflict of interest of roles and responsibilities. The Executive Director is in charge of the day-to-day operations of the Authority while the Board provides the strategic and policy direction of the Authority.

Board and Committee Meetings

The affairs of the Board are conducted in line with the Section 9 of the National Construction Authority Act No. 41 of 2011 as read together with the Second Schedule thereunder. The Authority is also guided by the provisions of the State Corporations Act No. 11 of 1986, Mwongozo Code of Governance for State Corporations, Board & Committee Charters, Circulars and other guiding government regulations that may be issued from time to time.

The Board meets at most six times in every financial year but the Authority's business may warrant the convening of special meetings from time to time. To facilitate effective planning, attendance and participation in Board meetings, a Board almanac is prepared for a financial year and circulated to the members and management in advance for effective planning. The Board Committee meetings are scheduled before the ordinary Board meeting to ensure that all matters are adequately addressed at the committee level before presentation to the Board for adoption, approval or direction as the case may be.

The Board held a total of the following Board meetings and various committee meetings within the financial year:

- a) 6 Ordinary Board Meetings;
- b) 1 Special Board Meeting;
- c) 5 Technical Committee (TC) Meetings;
- d) 5 Human Resource Committee (HRC) Meetings
- e) 6 Finance Administration and Development Committee Meetings and 1 Special Meeting; and
- f) 5 Board Audit Risk Governance (BARG) Meetings;

Board Committees

In order to discharge its mandate and responsibilities effectively, the Board has delegated certain tasks to its Committees with a specific mandate. This has been done in line with the principles of corporate governance, Mwongozo Code of

Governance for State Corporations and the Second Schedule of the National Construction Authority Act No. 41 of 2011.

The Board has four committees with specific mandate in line with its charter. The Board considered the professional qualifications, skills and competence in selection of the committee members. The provisions of the Mwongozo Code of Governance for State Corporations were also considered in the composition and number of committees.

During the period under review, the following Committees were in place;

a) Finance, Administration & Development (FAD) Committee

The FAD committee is responsible for recommending financial policies, goals, and budgets that support the mission, values, and strategic goals of the Authority. The committee also reviews the Authority's financial performance against its goals and proposes major transactions and development programs for the Authority. The committee is mandated to review strategies relating to the Authority's corporate strategy, corporate communications, information technology and communication and legal.

Members

1. Mr. Peter Musango	Chairperson		
2. FA. Paul Kiagu	Member		
3. Qs. Said Athman, EBS	Member		
4. Eng. Stephen Kogi	Member		
5. Eng. Maurice Akech, MBS	Executive Director		
6. Mercy Okiro, Adv.	Member	With effect from 9 th December 2022	Rotated on 9 th June 2023

7. Patrick Bucha	Member	With effect from 9 th December 2022	Term ended on 12 th April 2023
8. Qs. Said Athman, EBS	Member	With effect from 24 th May 2023	
9. Kalpesh Hirani	Member		Rotated on 9 th December 2022
10. Prof. Godrick Bulitia	Member		Rotated on 9 th December 2022
11. Eng. Stephen Kogi, OGW	Member	With effect from 9 th December 2022	

b) Technical Committee.

This committee is responsible for the technical operations of the Authority. The committee is responsible for recommending training, research and capacity building policies, goals, and budgets that support the mission, values, and strategic goals of the Authority. In relation to registration and compliance, the committee is charged with ensuring that the mandate of the Authority in relation to registration of contractor and construction workers is carried out effectively and efficiently. In addition, the committee ensure that adequate policies are put in place for compliance of all statutory requirements by all the industry stakeholders.

Members

1. Mr. Kalpesh Hirani	Chairperson		
2. Mr. Waweru Gathecha	Member		
3. Mr. Kennedy Sagini	Member		
4. Eng. Stephen Kogi, OGW	Member		
5. Mercy Okiro	Member		Rotated on 9 th December 2022
6. Eng. Dr. Samuel Charagu	Member		Rotated on 9 th December 2022

7. Peter Musango	Member		Rotated on 9 th December 2022
8. Prof. Godrick Bulitia	Member	With effect from 9 th December 2022	Term ended on 4 th May 2023
9. Kennedy Sagini	Member	With effect from 9 th December 2022	
10. Eng. Maurice Akech, MBS	Executive Director		

c) Human Resource Committee

This is the committee of the Board responsible for guidance on human resource management of the National Construction Authority. Its primary responsibility includes reviewing, monitoring, and making recommendations and policies regarding human resource management of the National Construction Authority.

Members

1. Prof. Godrick Bulitia	Chairperson (until 3 RD MAY 2023)		
2. Eng. Dr. Samuel Charagu	Member	With effect from 9 th December 2022	
3. Mr. Peter Musango	Member		
4. Mr. Kalpesh Hirani	Member		
5. Mercy Okiro, Adv.	Member	With effect from 9 th December 2022	Rotated on 5 th June 2023
6. Mr. Waweru Gathecha	Member		Rotated on 9 th December 2022
7. Eng. Stephen Kogi, OGW	Member		Rotated on 9 th December 2022
8. Mr. Kennedy Sagini	Member		Rotated on 9 th December 2022
9. Eng. Maurice Akech, MBS	Executive Director		

d) Board Audit, Risk & Governance Committee

The committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, and the Authority's process for monitoring compliance with laws and regulations and the code of conduct. The risk management role of the Board is also implemented through this committee through the review of the risk policy and making recommendations on risk mitigation measures.

Members

1. Arch. Waweru Gathecha	Chairperson	
2. FA. Paul Kiagu	Member	
3. Mr. Kennedy Sagini	Member	
4. Qs. Patrick Bucha, MBS	Member	Term ended on 12 th April 2023
5. Eng. Dr. Samuel Charagu, HSC	Member	With effect from 9 th December 2022
6. Qs. Said Athman, EBS	Member	With effect from 24 th May 2023

Table 5: Board and Committee Attendance from 1st July 2022 to 30th June 2023

No	Name	Full Board		Special Board		HRC		Special HRC		Technical Committee		BARGC		Special BARGC		FAD		Special FAD	
		Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
1.	Qs. David Gaitho	3	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2.	Mercy Okiro, Adv	6	5	1	1	4	4	N/A	N/A	2	2	N/A	N/A	N/A	N/A	2	2	1	1
3.	Prof. Godrick Bulitia	5	5	1	1	4	4	N/A	N/A	2	2	N/A	N/A	N/A	N/A	3	3	N/A	N/A
4.	Mr. Kalpesh Hirani	6	6	1	1	5	3	N/A	N/A	5	5	N/A	N/A	N/A	N/A	3	3	N/A	N/A
5.	Arch. Jackson Mutua	1	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6.	Eng. Dr. Samuel Charagu	5	5	1	1	3	3	N/A	N/A	2	2	5	5	N/A	N/A	N/A	N/A	N/A	N/A

7.	Arch. Waweru Gathecha	6	4	1	0	2	2	N/A	N/A	5	5	N/A	N/A	N/A	N/A	N/A	N/A
8.	Mr. Kennedy Sagini	6	6	1	1	2	2	N/A	N/A	5	5	N/A	N/A	N/A	N/A	N/A	N/A
9.	Eng. Stephen Kogi, OGW	6	6	1	1	2	2	N/A	N/A	N/A	N/A	N/A	N/A	3	3	1	1
10.	Q.s Patrick Bucha	4	2	N/A	N/A	N/A	N/A	N/A	N/A	5	4	N/A	N/A	2	2	1	1
11.	F.A Paul Kiagu	6	6	1	1	N/A	N/A	N/A	N/A	5	5	N/A	N/A	6	6	1	1
12.	Mr. Peter Musango	6	6	1	1	5	3	N/A	N/A	N/A	N/A	N/A	N/A	6	6	1	1
13.	Qs. Said Athman EBS	2	2	N/A	N/A	N/A	N/A	N/A	N/A	1	0	N/A	N/A	1	0	N/A	N/A
14.	Eng. Maurice Akech	6	5	1	0	5	3	N/A	N/A	N/A	N/A	N/A	N/A	6	4	1	1

9. Management Discussion and Analysis

The financial year 2022/2023 marks the eleventh year of the Authority since its establishment in July 2012. The Authority remains committed to its mandate of promoting the development of the construction industry for a sustained socio-economic development. The key highlights of the Authority’s performance for the period are as outlined below.

i. Financial Performance

a. Financial performance in figures

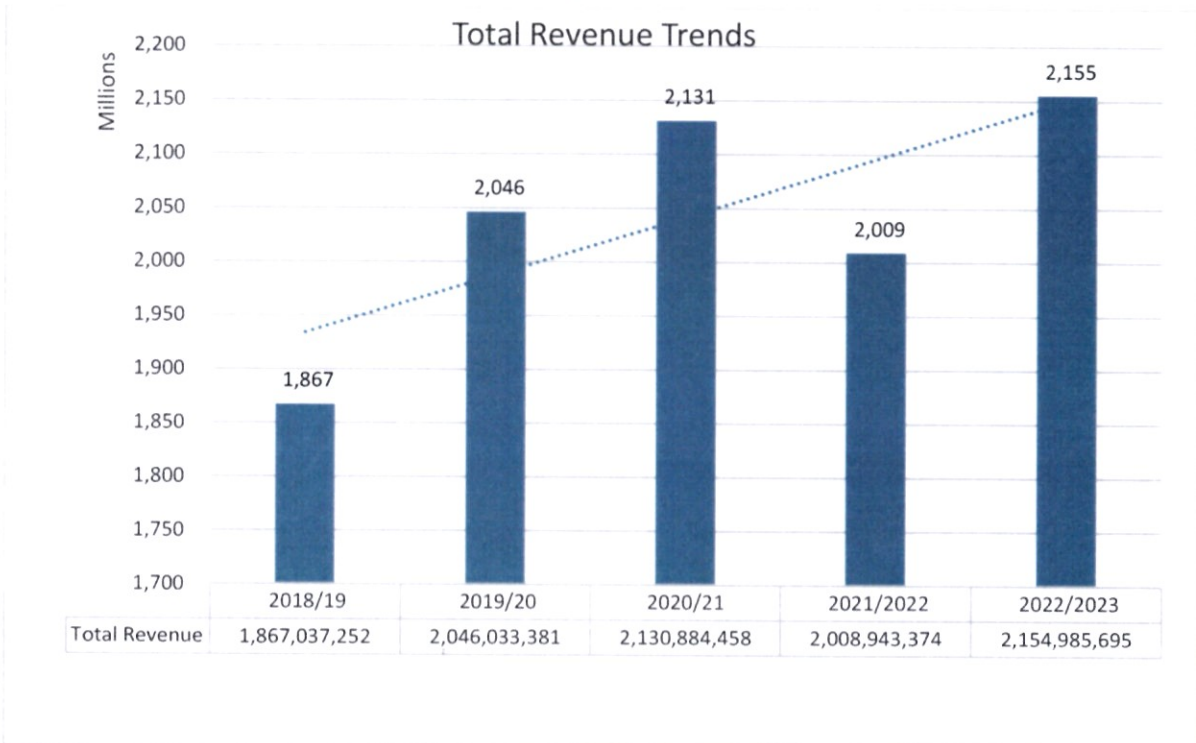


Figure 1: Revenue Trends

The total revenue for the Authority for the financial year 2022/23 increased by 7% as compared to the financial year 2021/22. The internally generated revenue increased by 27% which is attributable to the performance of the construction industry and growth in the contractors’ register. The support from the Government in the form of recurrent grants decreased by 5%.

b. Revenue Sources

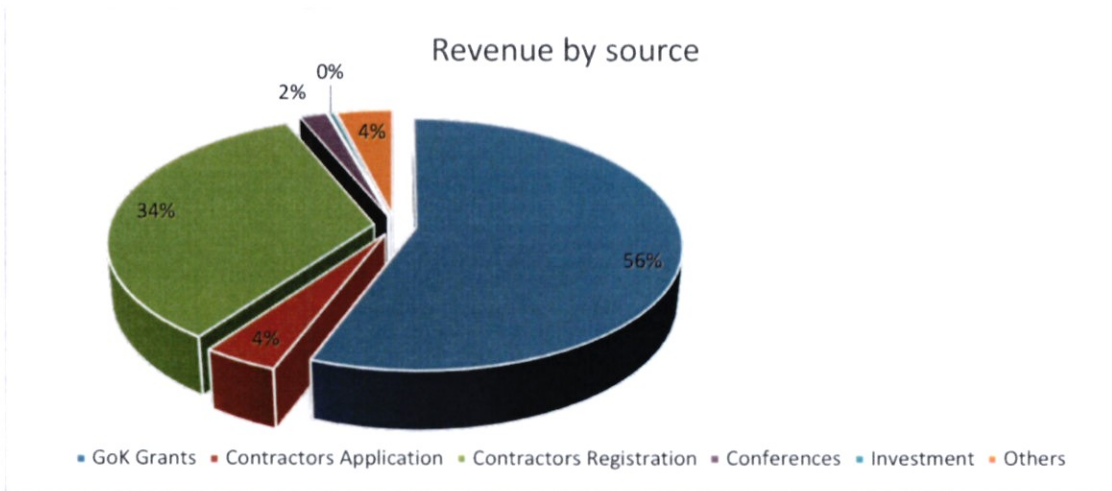


Figure 2: Revenue by Source

The GoK Grants contributed 56% of the total revenue for the Authority. The internally generated revenue contributed 44 % from contractors’ application fees, registration fees, receipts from contractors’ training workshops and credit interest income.

c. Expenditure Trends

The recurrent expenditure for the period under review increased by 3% as compared to the last financial year. The absorption of allocated funds stood at 98 % of the recurrent budget.

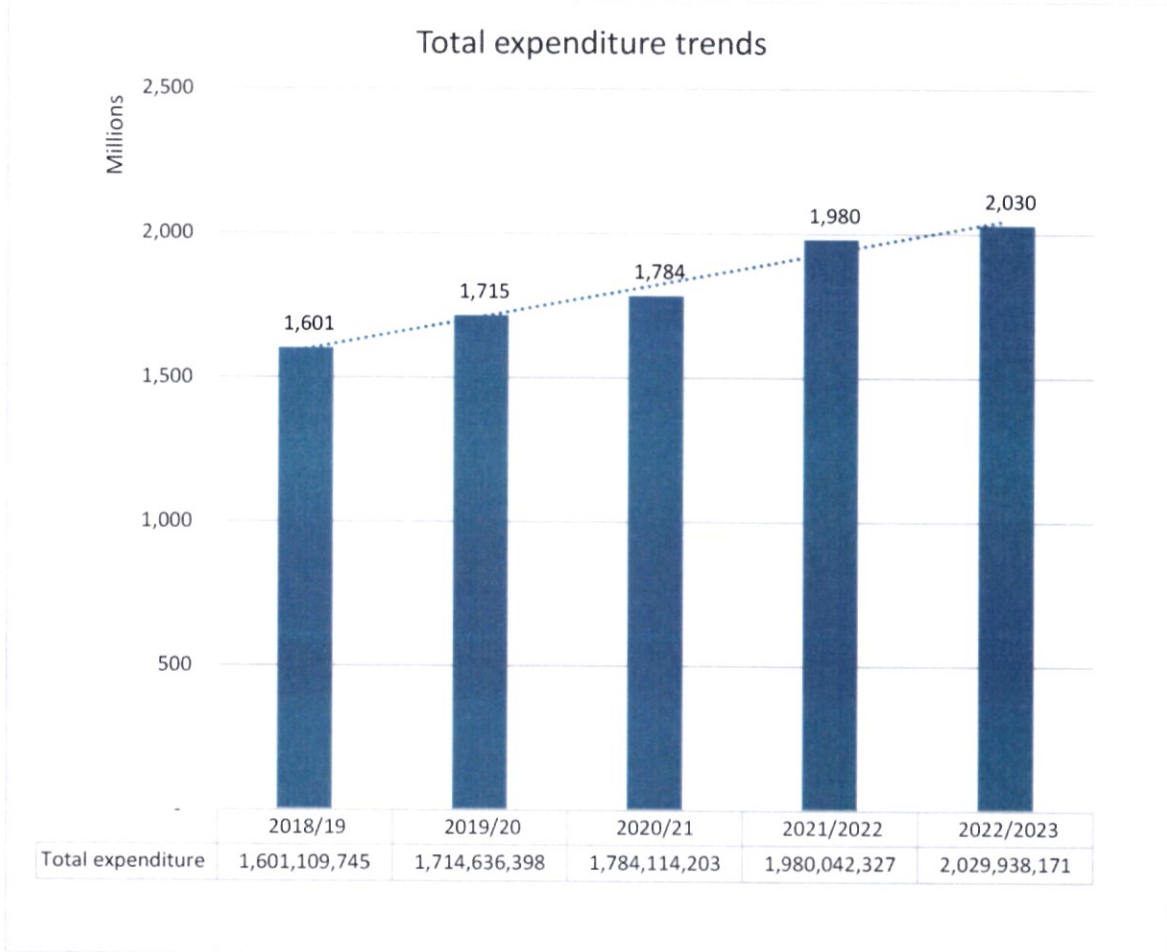


Figure 3: Recurrent Expenditure Trends

d. Expenditure by Vote

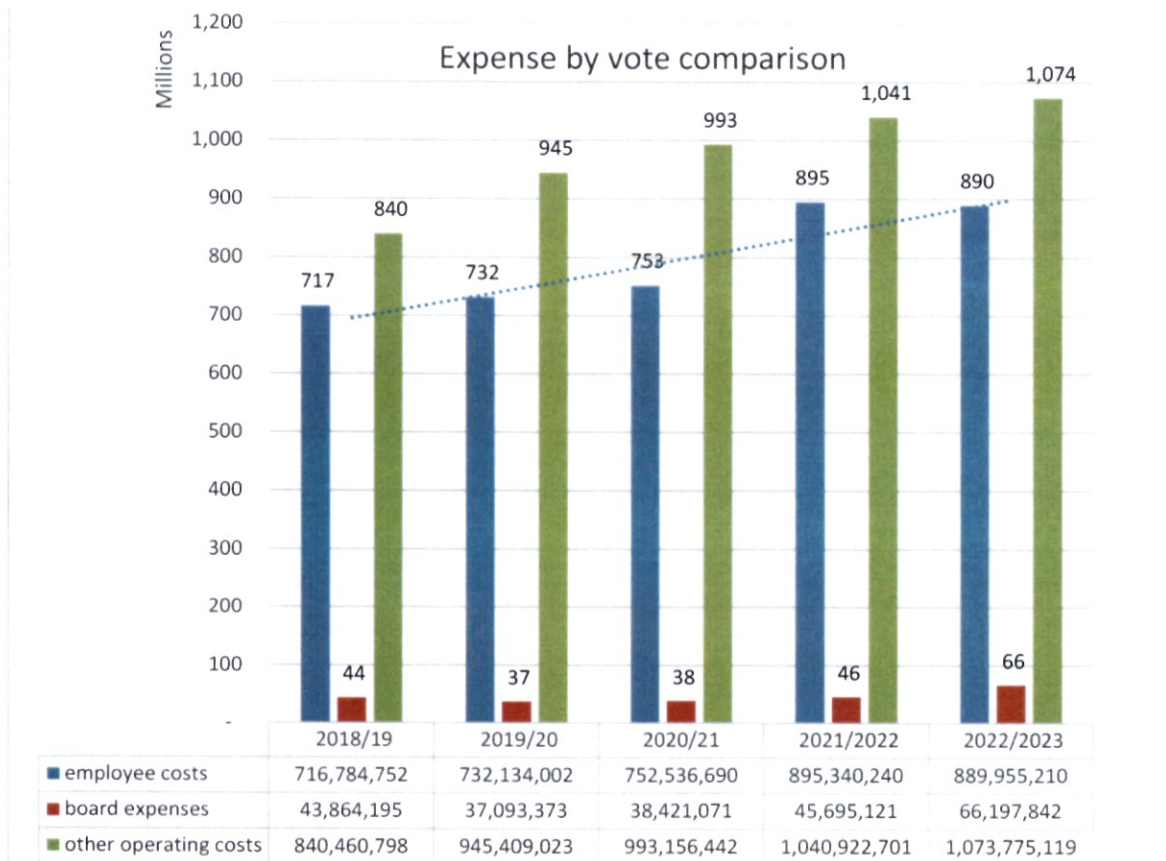


Figure 4: Expenditure by Vote

The Authority’s employee costs accounts for 44% of the total expenditure for the period. The expenditure has grown over the years from KShs. 716.78 Million in the FY 2018/19 to KShs. 889.96 Million at the end of FY 2022/2023. This is attributed to the growth of staff complement from 293 to a total of 417 in 2018/2019 and 2022/2023 respectively. In addition, during the financial year the Authority reinforced its enforcement activities by having 15 officers from the National Police Services seconded to it. The current total work force comprises of 290 permanent and long-term contract employees and 104 on short term contract deployed to all Huduma centers and regional offices to provide service across the country.

ii. Regulation
a) Registration of Contractors

Section 5(2(d)(k)) of NCA act No 41 of 2011, mandates the Authority to prescribe the qualifications or other attributes required for accreditation of contractors, registration, and regulation of their professional undertakings. Toward this end, The Authority has continued to improve on its systems with a view of streamlining the registration of contractors as one of its core mandate. The Authority has fully automated the processes for registration of contractors, renewal of the annual practicing license and all other processes related to contractor registration like appeals, applications for upgrades, trainings, etc. This in effect has increased the Authority's efficiency by reducing the turn-around time and brought about with-it positive impact on the ease of doing business in the country.

Table 6: Registered Contractors (by Certificate) for FY 2022/2023

Category	Classes of Works						Valid 2022/23 licenses as % of registered certificates
	Roads	Water	Buildings	Electrical	Mechanical	Total	
NCA1	312	213	519	260	171	1,475	63.0%
NCA2	345	199	454	103	85	1,186	53.8%
NCA3	569	326	616	167	105	1,783	49.3%
NCA4	1,775	1,239	2,080	495	341	5,930	44.1%
NCA5	2,413	1,475	2,487	386	267	7,028	42.7%
NCA6	4,635	2,587	4,252	529	328	12,331	39.8%
NCA7	4,517	2,344	4,015	558	251	11,685	33.1%
NCA8	6,987	4,496	7,811	731	261	20,286	28.6%
Total	21,553	12,879	22,234	3,229	1,809	61,704	35.2%

To ensure that the Authority responds appropriately to the dynamic environment in which it operates, the Authority has initiated the process of reviewing the enabling Act and the subsequent regulations. This will ensure that we respond accordingly to the new developments within the industry.

b) Foreign Contractors

The National Construction Authority Regulations 2014 provides for the regulations of foreign firms. In line with the provisions of the NCA Regulations 2014, the foreign firms are registered as Category “NCA 1”. The firms are required to sub-contract or enter into a joint venture with a local person or firm for not less than 30% of the value of contract works for which registration is sought and transfer technical skills not available locally to a local person or firm.

Table 7: Foreign Contractors

Category	Classes of Works						Valid 2022/23 licenses as % of registered certificates
	Roads	Water	Buildings	Electrical	Mechanical	Total	
NCA1-foreign	9	15	24	3	-	51	30.4%

The number of foreign contractors registered FY 2022/2023 was 38. The Authority undertakes to ensure that foreign contractors strictly adhere to the regulatory requirements that govern their professional undertakings in the Kenyan construction Industry in accordance to the NCA Act 2011 and Regulations 2014.

c) Accreditation of Skilled Workers and site supervisors

Section 5(2) (i) of the National Construction Authority Act No 41 of 2011, mandates the Authority to accredit and certify construction workers and construction site supervisors. This is geared towards ensuring that the industry has qualified and competent manpower with the right mix of skills. In the FY 2022/2023 the Authority accredited 9,481 skilled workers and 2,468 site supervisors in the construction industry across the different trades.

iii. Training and Capacity Building

The Authority conducted training and capacity building programs with a total participation at the end the FY. 2022/2023 as follows; 9,443 contractors, 17,339 construction workers and 4,594 site supervisors.

a. Construction Workers

Under section 5(2)(i) of the National Authority Act No 41 of 2011, The Authority is mandated to provide, promote, review, and co-ordinate training programs organized by public and private accredited training centers for skilled construction workers, construction site supervisors and contractors within the industry.

Twenty-five (25) CTD (Continuous Technical Development) programs for construction workers were conducted in the financial year with a total of 17,339 construction workers trained in the following programs: Onsite upskilling trainings conducted in 14 regions, road safety training, exit talks mentorship forums, collaborative trainings and joint capacity building programs with the National Government CDF in three constituencies.

b. Site Supervisors

Under section 5(2)(i) of the National Authority Act No 41 of 2011, The Authority is mandated to provide, promote, review, and coordinate training programs organized by public and private accredited training centers for skilled construction workers, construction site supervisors and contractors within the industry.

Eighteen (18) CTD (Continuous Technical Development) programs for site supervisors were conducted in the financial year with a total of 4,594 site supervisors trained. They were trained under the following programs; Exit & Career Mentorship Program in 14 regions, the site supervisory skills training program, road safety training, the online CPD program, the onsite upskilling program and the joint capacity building programs with the National Government CDF in three constituencies.

c. Contractors

The Construction Authority Act 2011 mandates the Authority to train and build capacity of contractors across the country. The NCA regulations mandates the Authority to conduct Continuous Professional Development (CPD) programs for

registered contractors to enable them qualify for annual renewal and to be considered for category upgrade. The Construction Industry Training Policy Manual, 2022, requires each registered contractor to acquire a minimum of 10 CPD points every year by attending NCA-organized trainings or NCA accredited training programs offered by other industry stakeholders.

Twelve (12) CPD (Continuous Professional Development) programs were conducted for contractors in the financial year and a total of 9,443 contractors were trained. The contractors were trained under the following programs; the online CPD program, the regional CPD program, onsite upskilling program, the accredited CPD training providers program, road safety training, high impact MSME program, AGPO contractors' program, sector-based CPD program, the annual contractors' conference and collaborative CPD programs with industry stakeholders.

iv. Quality Assurance

The Authority under Section 5(2) (g) of the NCA act 2011 is mandated to promote and ensure quality assurance in the construction industry. Quality Assurance is a technical and professional site inspection of a construction projects undertaken by Compliance Department through the Regional Coordinators to ascertain conformity to construction standards and specifications in accordance to laws and regulations governing construction. During the financial years under review, the Authority carried out site inspections across the country to ensure compliance with the construction laws and regulations. All the non-compliant sites are suspended and Suspension of Works Order issued. Upon compliance with the requirements as per set checklist, a Lifting of suspension of Works Order is issued.

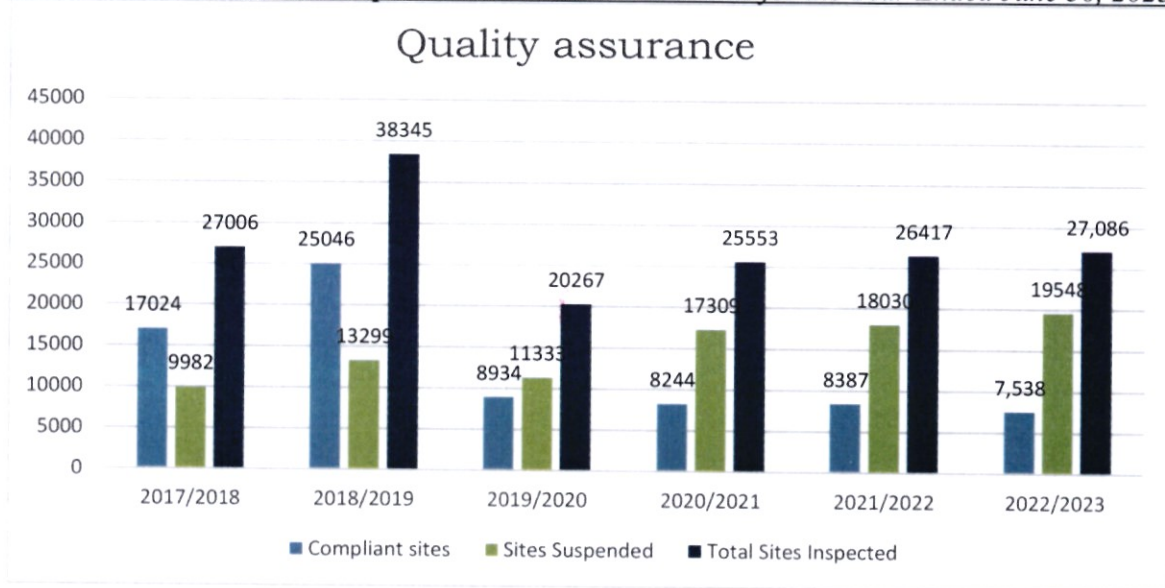


Figure 5: Project Inspections

In the last three financial years of 2019/2020, 2020/2021 and 2021/2022 there was a steady increase on the total number of inspected construction sites.

Project Registration

The Authority under Section 5(2) (i) of the NCA act 2011 is mandated to initiate and maintain a construction industry information system. During the financial years under review, the Authority registered a number of construction projects as shown on the table below.

Table 8: Project Registration

Financial Year	Applications Received	Applications Approved	% of approvals
2018/2019	6282	3282	52%
2019/2020	4992	3479	70%
2020/2021	5590	3875	69%
2021/2022	6194	3890	63%
2022/2023	5299	3987	75%

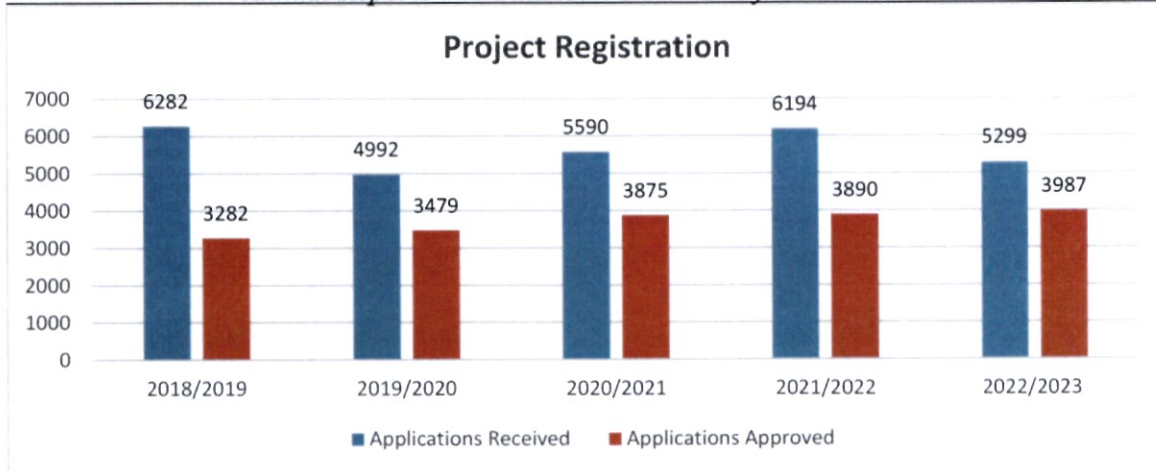


Figure 6: Project Registration Trends

v. Service Delivery

a. Human Resource

The Authority’s current approved staff establishment stands at 417 posts. Of this number, 290 positions are currently occupied by members of staff in various cadres deployed at the headquarters and regional offices. 104 are on a two-year contract and have been deployed in the 52 Huduma Centers across the country, two in each Centre.

As required over 70% of the total HR strength constitutes technical staff while the rest offer support services. Currently the Authority has presence 14 regional and 13 liaison offices across the country. The Authority received approval from the office of the Head of Public Service and the National Treasury to fill 19 additional positions in the establishment which was done in 2022/2023 financial year.

In keeping with the government policy and the spirit of providing opportunities for the youth, the Authority has been working closely with the Public Service Commission and the ICT Authority to place young graduates on an internship programme. In conjunction with local universities and colleges, the Authority also engages students on apprenticeship and industrial attachment. In the 2022/2023 financial year, a total of 280 students were engaged in internship, apprenticeship and industrial attachment programmes in line with the performance contract.

A total of 50 diploma holders were engaged on apprenticeship to learn on the job in the Authority's regional and liaison offices. Further, working with various institutions, universities and colleges across the country, the Authority continues to provide opportunities for industrial attachment to students as partial fulfilment for their graduation

vi. Public Awareness and Sensitization Campaigns

a. Construction Excellence Awards

The Construction Excellence Awards was launched on 27th September 2022, with a bottom-line objective of recognizing the achievements, developments and innovation within Kenya's construction industry. The event targeted professional consultants and solution providers. It aimed at highlighting the positive aspects of construction, celebrate quality assurance, commitment to excellence and technological innovations within the industry.

The Awards Gala dinner took place on the 27th of January 2023, at the Radisson Blue hotel. The applicants for the award included contractors, who were divided into two categories: top category who were NCA 1 to 4 and special category, NCA 5 to 8. The second group included the site supervisors, who were awarded on three levels; Overall winner, 1st runners up, 2nd runners up and the finalists.

The Jury which comprised of experts from both the public and private sectors, and across various facets of the construction industry executed its responsibilities through a four-phase procedure as follows; initial evaluation, interviews, site visits and final evaluation. The culmination of the process was able to produce winners, runners-up and finalists in various Award categories. The winners were awarded with encouraging prizes to motivate them continue with implementing best practices and embracing innovation in the construction industry.

b. Resolution of Public Complaints

The Authority actively resolves all complaints channelled to its regional, liaison and headquarter offices, in accordance to the guidelines from the Commission on



Administrative Justice. In the third quarter of the financial year 2022/2023, the Authority received a score of 81%. The score emanated from the results of the following activities: Resolution of Complaints, Access to Information and Awareness Creation Initiatives.

c. Corporate Social Responsibility

The Authority is committed to recognize and manage its impact in society and to see that its own activities and where applicable those of its stakeholders are being undertaken in a socially and environmentally responsible manner. The Authority signed a memorandum of understanding and has adopted 4 acres of Ngong forest to plant and grow trees over a three-year period. This is aligned with the presidential initiative of tree restoration program aimed at combating the effects of climate change in the country.

10. Environmental and Sustainability Reporting

The National Construction Authority exists to transform the construction industry by regulating and coordination of its development. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the NCA Act No 41 of 2011: putting the customer/Citizen first, delivering relevant policies and services, and improving operational excellence.

i) Sustainability strategy and profile

a) Sustainability of NCA

In order to sustain its operations, the National Construction Authority has in place its Strategic Plan. 2020-2025. It provides a blueprint that will enable the organization to provide proper strategic direction in Kenya's dynamic construction industry. The Strategic Plan is therefore imperative as it avails an opportunity to outline strategies for tackling the challenges anticipated, recognizing the past lessons learnt, and identifying the performance gaps witnessed in the recent past while effectively determining the critical success factors that should subsequently inform future planning. Based on this contextual analysis, the Authority formulated its strategic objectives it will pursue over the next five years, while consistently engaging key stakeholders at all levels.

b) Competitiveness of NCA

To be competitive, the Authority commits to the development and operationalization of institutional frameworks and procedures that will enable it to achieve its core mandate in conformity with the Government's overall Development Agenda. The Authority recognizes that its success is related to innovation, effective change management and continuous engagement with key stakeholders in the Construction Industry.

Above all, the Board shall give management full support during the implementation of its strategic Plan, provide necessary oversight and lobby for the required resources to achieve the goals and objectives set out in the Plan.

Further, the Board will sustain existing linkages with relevant Government Ministries, Departments and Agencies (MDAs) to ensure consistency and enhance synergy to enable the Authority play its role towards effective realization of the Kenya Vision 2030 and the Big Four development agenda.

ii) Environmental performance

The Authority is committed to complying will all regulatory and other policy guidelines concerning environmental management including putting in place efforts, to manage and mitigate environmental impact of the organization's products and services, management of biodiversity and waste management. The Authority is undertaking a policy frame work to guide on this and once approved, shall be rolled out.

To ensure compliance and promote environmental conservation guidelines and other statutory frame works, The Authority has taken the following actions: -

- (a) Partnering with Kenya Green Building Society on waste management and put in place measures to promote adoption of green building concepts in the country.
- (b) The Authority also has an annual plan to support the government efforts to increase the forest cover by planting trees.
- (c) Continued to adopt an office open plan system as a way of promoting energy conservation mechanisms in an effort to promote a green environment.
- (d) Adopted online meetings to reduce on movements and reduce on emissions

iii) Employee welfare

The Authority has a robust hiring policy whose statement is to recruit staff on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities. The current gender ratio at the Authority is 39:61 in favour of male employees this meets the constitutional threshold. However, our target is to eventually achieve 50/50 for either gender. The Authority has constantly reviewed the Human Resource

Policies and procedures to align them with the various government circulars and legislations. Necessary consultations and stakeholder participation are usually conducted during such reviews to ensure that the policies are all inclusive and have a buy-in among the public and the immediate stakeholders.

The Authority has an approved Career Progression Guidelines which provide insight to staff on their upward mobility in the various cadres and professions within departments.

Additionally, the Authority every two years conducts a Training Needs Assessment (TNA) which informs the preparation of the annual training projections. The training plan informs the Authority on the skills gaps that exist and how they should be filled. The Authority further evaluates the individual performance of its staff by conducting a bi-annual appraisal system which leads to any of the following; has in place staff reward scheme, sanctions or performance improvement programmes. The Authority is also committed to providing and maintaining working conditions, equipment and systems of work, that are safe and healthy for all employees, visitors and other persons at or near its operational areas. The Authority has a lactation room for mothers, provides medical covers to its staff. Thus, it strictly upholds the tenets of its policy on occupation health and safety.

The Authority has also put in place robust initiatives geared towards improving the welfare of employees as follows;

National Construction Authority Staff Retirement Benefits Scheme which handles the retirement benefits for staff;

- a) NATCON SACCO is a deposit taking SACCO where Authority staff are able to save and receive credit;
- b) Car loan and Mortgage schemes where staff are able to secure loans at lower interest rates to procure cars and homes respectively;
- c) All staff are provided with medical insurance cover, group life cover, group personal accident cover and WIBA.

- d) National Construction Authority Staff Welfare Association (NACASWA) is a contributory staff welfare association that takes care of staff when they pass on or lose close family members;
- e) Lactation room for mothers – the Authority has put in place a lactation room at the headquarters which caters for lactating mothers among staff in compliance on occupation health and safety policy.

iv) Market place practices

a) *Responsible competition practice*

The National Construction Authority (NCA) Anti-Corruption Policy is intended to outline a framework for ensuring a corruption-free working environment. In this endeavour it is noteworthy that NCA is motivated by ideals enshrined in its Mandate, Vision, Mission, Core Values and the prevailing laws. NCA recognizes that the ideal of a culture of zero-tolerance to corruption is only possible within a framework of integrity and ethics.

The Authority is implementing an Anti-corruption Policy to supplement legal provisions and other government initiatives for fighting and preventing corruption in Kenya. The policy seeks to provide a framework for efficient and effective detection and prevention of corruption at the workplace.

Section 5(2)(d)(k) of NCA act No 41 of 2011, mandates the Authority to prescribe the qualifications or other attributes required for registration of contractors and regulation of their professional undertakings. Toward this end, the Authority has continued to improve on its systems with a view of streamlining the registration of contractors as one of its core mandates. The Authority has fully automated the processes for registration of contractors with registration process being competitive in line with the approved evaluation criteria. The contractors are registered under different class of works under different categories (NCA1 - NCA8 with NCA 1 being the highest category and NCA 8 the lowest) dependent on their capacity thus promoting fair competition in the industry.

b) *Responsible Supply chain and supplier relations*

Suppliers are very critical partners in the Authority's operations, they facilitate our activities and contributes to timely delivery of the authority's objectives. The Authority contributes to supplier development by training the suppliers on procurement procedures and emerging issues in procurement, The Authority always invite suppliers for pre-bid meetings to appraise them on requirements for submission of the tender to improve on their responsiveness. In addition, the Authority carries out suppliers visit when doing due diligence and appraisal to assess their capacity and compliance to statutory requirements. This contributes to competitiveness in the supply chain environment hence achievement of value for money.

c) *Responsible marketing and advertisement*

The Authority, in line with its corporate values, upholds the standards of ethical marketing. This is done by ensuring all advertising and marketing communications are all truthful and fact based, and the officers tasked with communicating also uphold the highest standards of personal ethics. All the Authority's clients and other stakeholders are treated fairly and equitably, and their privacy is honoured and upheld, especially when it comes to personal information. Additionally, the Authority abides with the existing regulations and standards governing external communication.

d) *Product stewardship*

The Authority is a regulator, and thus a service-based organization. Consumer rights are safeguarded through the complaints handling mechanism that ensures the efficient resolution of public complaints. All complaints are recorded and resolved, where possible, within seven days as outlined in the Citizen Service Delivery Charter. A report on the same is compiled and submitted to the Commission on Administrative Justice, where a quarterly score is awarded, followed by an annual compliance certificate. The Authority in this financial year attained a score of 91% ("Very Good").

v) *Corporate Social Responsibility /Community engagements*

The Authority has aligned its Corporate Social Responsibility with the Sustainable Development Goals. This is in line with SDG4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”. The Authority in partnership with the State Department of Early Learning and Basic Education launched the Ujenzi Club, meant to engage students at primary, secondary and tertiary levels. The Ujenzi Club is an initiative aligned to the pillars of the new curriculum which is inclined to Science, Technology, Engineering and Mathematics Stream (STEM). The club aims at introducing construction concepts to students at a young age and encouraging the pursuit of construction related careers /trades to “develop relevant skills, for employment, decent jobs and entrepreneurship”.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Authority affairs.

i) Principal activities

The principal activity of the Authority is to regulate the construction industry and coordinate its development.

ii) Results

The results of the National Construction Authority for the year ended June 30th 2023 are set out on page 1 to 7.

iii) Directors

The members of the Board of Directors who served during the year are shown on page xi to xxiii. During the financial year, Dr. Eng. Samuel Charagu HSC and Qs. Said Athman, EBS were appointed as Board Members on 25th August 2022 and 12th April 2023 respectively. The terms of Arch. Jackson Mutua, Qs. David Gaitho, MBS, Dr. Qs. Patrick M. Bucha, MBS and Prof. Godrick Bulitia ended on 25th August 2022, 19th January 2023, 12th April 2023 and 4th May 2023 respectively.

iv) Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority remitted Kshs 98,634,023 in the FY 2022/2023 to the Consolidated Fund. The declared surplus to be remitted to the fund for the FY 2022/2023 is Kshs. 115,616,805 as reported in the statement of financial performance.



NATIONAL
CONSTRUCTION
AUTHORITY

Annual Reports and Financial Statements for the Year Ended June 30, 2023

v) Auditors

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2023.

By Order of the Board

..........

Eng. Maurice Akech, MBS

Executive Director/Secretary to the Board

12. Statement of Directors Responsibilities

The Public Finance Management Act 2012 Sec. 81, the National Construction Authority Act Sec. 35 and the State Corporations Act Cap 446 Sec. 14, require the Board to prepare annual financial reports in respect of National Construction Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and its operating results for that year. The Board is also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Board is also responsible for safeguarding the assets of the Authority.

The Board is responsible for the preparation and presentation of the Authority financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2023. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Authority;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sectors Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Board is of the opinion that the Authority's financial statements give a true and fair view of the state of the Authority's transactions



during the financial year ended June 30th, 2023, and of the its financial position as at that date. The Board further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority’s financial statements were approved by the Board on 27/09/ 2023 and signed on its behalf by:

.....
Mercy Okiro, Adv
Vice Chairperson the Board

.....
Eng. Maurice Akech, MBS,
Accounting Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL CONSTRUCTION AUTHORITY 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 that Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Construction Authority set out on pages 1 to 48, which comprise of the statement of financial position as at

30 June, 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Construction Authority 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 the Public Finance Management Act, 2012 and the National Construction Authority Act, 2011.

Basis for Qualified Opinion

1. Unsupported Expenditure on Temporary Staff

The statement of financial performance reflects an expenditure of Kshs.889,955,210 in respect of employee costs which, as disclosed in Note 16 to the financial statements, includes an amount of Kshs.802,924,637 relating to salaries and wages. The latter balance further includes an amount of Kshs.53,415,918 relating to wages paid to casual staff during the year. However, review of records and contract documents revealed that Management did not provide requisitions from various departments/regions detailing number of casuals required or requested, period they will be engaged, scope of work and the expected output.

Further, Management did not explain the procedure followed in sourcing of the casuals and the criteria used to select the engaged or successful persons.

In the circumstances, the completeness and regularity of the casual wages expenditure of Kshs.53,415,918 could not be confirmed.

2. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.335,631,679 as disclosed in Note 26 to the financial statements. Review of records revealed the amount includes accounts payables balance of Kshs.55,718,726 which further includes a balance of Kshs.3,098,111 whose supporting documents were not provided for audit.

Further, the balance includes provisions and accruals amount of Kshs.243,801,468 which includes a balance of Kshs.2,721,395 related to various Authority's projects as detailed in the table below;

Document No.	Description	Amount (Kshs.)
PRVS-2020/2021-001	Provision of Broadband Internet Services Primary Lebal Switch System (MPLS)	177,223
PRVS-2020/2021-006	Provision of Consultancy Services on ISO Recertification and Surveillance Audit	1,291,980
PB-06-2020	Provision of Third QMS Surveillance Audit in April, 2020	1,252,192
	Total	2,721,395

However, the project implementation status reports and supporting documents for the operating expenditure amounting to Kshs.2,721,395 were not provided for audit verification. In addition, the balance includes prepaid levy amount of Kshs.24,251,869 which as previously reported has been long outstanding. No explanation has been provided by Management on who is owed the money.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.335,631,679 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Construction Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing 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 qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, a number of issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given explanations why the matters have remained outstanding.

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 matters 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

1. Officers in Acting Capacity Beyond Stipulated Time

The statement of financial performance reflects an expenditure of Kshs.889,955,210 incurred on compensation of employees as disclosed in Note 16 to the financial statements. Review of Human Resources and Payroll records revealed that during the year, three (3) employees continued to serve in acting capacities beyond the stipulated period of six (6) months while two (2) staff members continued to earn special duty allowance beyond the stipulated period of six (6) months. This is contrary to Section C.14 (1) of the Human Resource Policies and Procedures Manual for Public Service, May 2016 which states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he/she is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months. Further, Section C.15 (4) states that Special Duty Allowance will not be payable to an officer for more than six (6) months.

In the circumstances, Management was in breach of the guidelines.

2. Un-procedural International Trainings for Board Members

The statement of financial performance reflects an expenditure of Kshs.66,197,842 in respects of Board expenses which, as disclosed in Note 17 to the financial statements includes an amount of Kshs.10,624,903 as training expenses out of which Kshs.5,519,365 was in respect of international trainings for Board members. However, review of records revealed that Management did not provide the training needs assessment used to identify the various competency needs for the Board Members. The processes through which the various programmes were identified could not be established. Management did not provide evidence that the Board training programmes were brought to the attention of SCAC for organizing of the training locally or brought to the attention of Government training institutions for hosting or organizing of the same where feasible. This was a contravention of Circular No OP.CAB.9/1A dated 11 March, 2020.

In the circumstances, Management was in breach of the guidelines.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Long Outstanding Receivables from Non-Exchange Transactions

As disclosed in Note 22 to the financial statements, the statement of financial position reflects a net balance of Kshs.1,145,883,541 in respect of receivables from non-exchange transactions which constitutes balances of Kshs.674,581,333, Kshs.97,565,216 and Kshs.373,736,991 in respect of receivables, accrued income and staff schemes, respectively. Review of records relating to the balance revealed that the receivable balance of Kshs.674,581,333 includes a gross debtors balance of Kshs.1,658,529,434 as at 30 June, 2023 out of which, an amount of Kshs.1,068,902,185 was deducted as impairment allowance. However, the ledgers provided for audit review shows that Kshs.1,652,710,660 or 99.6% has been outstanding for long. This amount relates to levy charges which have been brought forward from previous financial years and whose recoverability remains doubtful. Although Management has explained that the Authority has taken some measures, including the engagement of Kenya Revenue Authority to recover these debts, no tangible result has been realized.

Further, the receivable balance of Kshs.674,581,333 includes sundry debtors balance of Kshs.3,584,700. Review of the supporting documents revealed that the balance was a borrowing by the State Department for Public Works vide a letter dated 31 October, 2018 to assist in Medium Term Expenditure Framework Sector activities. The amount was to be reimbursed to the Authority upon operationalization of the budget vote. Although Management requested for reimbursement vide two letters, the State Department had not yet reimbursed the amount as at 30 June 2023.

Further, the receivables balance of Kshs.674,581,333 includes prepayments balance of Kshs.74,769,289 which further includes an amount of Kshs.6,179,843 which as previously reported is a prepayment to Konza Technopolis Development Authority. Review of the documents provided revealed that the payment was made on 21 September, 2020 for purchase of 6.4 acres of land for the construction of the proposed Centre for Construction Industry Development (CCID). Through a letter dated 27 November, 2020, through the State Department of Public Works, The National Treasury advised the Authority to engage Konza Technopolis Development Authority (KoTDA) for allocation of 6.4 acres at no cost since the CCID project is for the public use and KoTDA

had been allocated land by the Government at no cost for such projects. No explanation has been provided on the status of Kshs.6,179,843 already paid for the parcel of land.

In the circumstances, the recoverability of the receivables balance of Kshs.674,581,333 could not be ascertained.

2. Lack of a Functional Board

Review of the records revealed that the Authority operated for five (5) months without a Board Chairperson after the lapse of the previous Chairperson's term on 19 January, 2023. The Board has therefore lacked the leadership and direction from the centre of command.

In the circumstances, the effectiveness of the Board to offer oversight role to the Authority could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and 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 governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its 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 Authority or to 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 Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL




Nairobi

02 May, 2024

14. Statement of Financial Performance for the year ended 30 June 2023

		Restated	
	Note	2022/23	2021/22
		KShs.	KShs.
Revenue from non-exchange transactions			
Transfers from other government entities	6	1,202,300,000	1,260,000,000
Contractors Application fees	7	86,058,005	53,014,894
Contractors Registration fees	8	289,510,163	163,689,822
Contractors Renewal fees	9	441,912,880	416,640,042
Accreditation of Construction Workers	10	141,001	660,000
Upgrade fees	11	82,580,453	54,189,532
		2,102,502,502	1,948,194,290
Revenue from exchange transactions			
Conferences and Workshops	12	41,496,200	49,745,350
Credit Interest	13	8,886,994	9,527,964
Other Income	14	2,100,000	1,475,770
Total Revenue		2,154,985,695	2,008,943,374
Expenses			
Use of goods and services	15	950,959,223	1,010,054,392
Employee costs	16	889,955,210	831,827,251
Board expenses	17	66,197,842	36,535,121
Repairs and Maintenance	18	36,786,565	39,600,540
Depreciation	19	85,461,542	63,625,767
Taxes	20	567,789	314,991
Total Expenses		2,029,928,171	1,981,958,062
Other gains/(losses)			
Gain/Loss on foreign exchange transactions	21	3,415,592	8,874,054
Surplus/(Deficit) for the period		128,473,117	35,859,366
Remission to National Treasury			
Net Surplus for the Year		128,473,117	35,859,366
Attributable to:			
Surplus/(deficit) attributable to minority interest		12,847,312	3,585,937
Surplus attributable to owners of the controlling Entity		115,625,805	32,273,430
		128,473,117	35,859,366

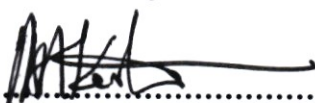
The notes set out on pages 1 to 7 form an integral part of these Financial Statements. The Financial Statements set out on pages 7 to 44 were signed on behalf of the Board of Directors by:

		
.....
Eng. Maurice Akech, MBS Accounting Officer	CPA. Christine Kirimi Head of Finance	Mercy Okiro, Adv Vice Chairman of the Board
Date 30/09/2023	ICPAK M/No:5512 Date 30/9/2023	Date 30/9/23

15 Statement of Financial Position as at 30 June 2023

		Restated	
	Note	2022/23	2021/22
		KShs.	KShs.
ASSETS			
Current Assets			
Receivables from non-exchange transactions	22	1,145,883,541	1,133,662,761
Cash & Cash Equivalents	23	201,590,300	267,000,414
Total Current Assets		1,347,473,841	1,400,663,175
Non-Current Assets			
Property, Plant & Equipment	24	257,188,144	200,515,907
Intangible Assets	25	168,814,481	168,814,481
Total Non-Current Assets		426,002,625	369,330,388
TOTAL ASSETS		1,773,476,465	1,769,993,562
LIABILITIES			
Current Liabilities			
Trade and other Payables	26	335,631,679	467,051,481
Total Current Liabilities		335,631,679	467,051,481
NET ASSETS		1,437,844,786	1,302,942,082
Reserves		88,771,229	-
Accumulated Surplus		1,329,073,557	1,282,942,082
Development Fund		20,000,000	20,000,000
TOTAL NET ASSETS AND LIABILITIES		1,437,844,786	1,302,942,082

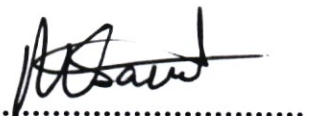
The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



Eng. Maurice Akech, MBS
Accounting Officer



CPA. Christine Kirimi
Head of Finance



Mercy Okiro, Adv
Vice Chairman of the Board

Date 30/09/2023

ICPAK M/No:5512
Date 30th Sept 2023

Date 30/9/23

16. Statement of Changes in Net Assets for the year ended 30 June 2023

		Retained Earnings	Capital/ Development Grants/Fund	Revaluation Reserves	Totals
	Note	KShs		KShs	KShs
As at 1st July, 2021		1,243,472,607		-	1,243,472,607
Surplus for the year		35,859,366		-	35,859,366
Capital Grants			20,000,000	-	20,000,000
Restatement		3,610,108			3,610,108
As at 30th June, 2022		1,282,942,082	20,000,000	-	1,302,942,082
As Restated					
Prior year adjustments		16,292,381			16,292,381
Surplus Remittance		(98,634,023)			(98,634,023)
Revaluation				88,771,229	88,771,229
As Restated		1,200,600,440	20,000,000	88,771,229	1,309,371,669
As at 1st July, 2022		1,200,600,440	20,000,000	88,771,229	1,309,371,669
Surplus/(Deficit) for the year		128,473,117			128,473,117
Capital Grants				-	-
As at 30th June, 2023		1,329,073,557	20,000,000	88,771,229	1,437,844,786

17. Statement of Cash Flows for the year ended 30 June 2023

		Restated	
		2022-2023	2021-2022
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities		1,202,300,000	1,260,000,000
Contractors Application fees		86,058,005	53,014,894
Contractors Registration fees		289,510,163	163,689,822
Contractors Renewal fees		441,912,880	416,640,042
Registration of Workers		141,001	660,000
Upgrade fees		82,580,453	54,189,532
Conferences and Workshops		41,496,200	49,745,350
Consultancy		-	-
Investment Income		8,886,994	9,527,964
Other Income		2,100,000	1,475,770
Total Receipts		2,154,985,695	2,008,943,374
Payments			
Use of goods and services		950,959,223	1,010,054,392
Employee costs		889,955,210	831,827,251
Board expenses		66,197,842	36,535,121
Repairs and Maintenance		36,786,565	39,600,540
Taxes		567,789	314,991
Total payments		1,944,466,629	1,918,332,295
Gain on foreign exchange transactions		3,415,592	8,874,054
Impairment		-	4,700,000
Adjustment for working capital changes			
Increase/Decrease in non-current receivables		(12,220,780)	42,367,488
increase/Decrease in Trade payables and accruals		(131,419,801)	142,332,704
Net cash flows from/(used in) operating activities		70,294,078	288,885,324
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(53,362,550)	(87,140,027)
Purchase of investments		-	-
Sale of investments		-	15,140,532
Net cash flows from/(used in) investing activities		(53,362,550)	(71,999,495)

Annual Reports and Financial Statements
for the Year Ended June 30, 2023

Cash flows from financing activities			
Proceeds from borrowings		-	-
Remittance of Surplus		(98,634,023)	(544,627,287)
Prior Year Adjustment		16,292,381	(571,008)
Net cash flows from financing Activities		(82,341,642)	(545,198,295)
Net increase/(decrease) in cash & Cash Equivalent		(65,410,114)	(328,312,466)
Cash and cash equivalents at 1 July 2022		267,000,414	595,312,879
Cash and cash equivalents at 30 June 2023	23	201,590,300	267,000,414

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

Revenue	Original budget Ksh a	Adjustments KShs b	Final Budget Ksh c=(a+b)	Actual on Comparable basis Ksh d	Performance Difference Ksh e=(c-d)	% of utilisation f=d/c
Transfers from other government agencies	1,300,000,000	(97,700,000)	1,202,300,000	1,202,300,000	-	100%
Donor grants	300,000,000	(300,000,000)	-	-	-	-
Contractors Application Fees	81,305,000	-	81,305,000	86,058,005	4,753,005	106%
Contractors Registration Fees	248,062,000	12,275,500	260,337,500	289,510,163	29,172,663	
Contractors Renewal Fees	651,341,000	(223,822,500)	427,518,500	441,912,880	14,394,380	103%
Conferences and Workshops	62,421,000	-	62,421,000	41,496,200	(20,924,800)	66%
Accreditation of Construction Workers Fees	976,000	(276,000)	700,000	141,001	(558,999)	20%
Upgrade Fees	80,000,000	7,043,800	87,043,800	82,580,453	(4,463,347)	
Consultancy	6,952,000	(6,952,000)	-	-	-	-
Interest income	4,336,000	-	4,336,000	8,886,994	4,550,994	205%
Other income	2,607,000	-	2,607,000	2,100,000	(507,000)	81%
Total Income	2,738,000,000	(609,431,200)	2,128,568,800	2,154,985,695	26,416,895	101%
Expenses						
Use of goods and services	922,550,000	(122,000,000)	800,550,000	950,959,223	150,409,223	119%
Employee Costs	1,100,000,000	-	1,100,000,000	889,955,210	(210,044,790)	81%
Board Expenses	30,000,000	32,500,000	62,500,000	66,197,842	3,697,842	106%
Repairs and Maintenance	42,500,000	2,068,800	44,568,800	36,786,565	(7,782,235)	83%
Depreciation	61,000,000	-	61,000,000	85,461,542	24,461,542	140%
Taxes	-	-	-	567,789	567,789	
Total Expenditure	2,156,050,000	(87,431,200)	2,068,618,800	2,029,928,171	(38,690,629)	98%

Budget notes

1. The overutilization on use of goods relates to provision for bad and doubtful debts of Kshs 100,000,000/- to cater for long outstanding debts deemed uncollectible as per note 22.
2. The underutilisation employee expenses relates to vacancies in the staff establishment that were planned to be filled in the year under review.
3. The overrun on depreciation relates to asset revaluations on motor vehicle class of assets carried out in the period under review.
4. The changes between original and final budget is due to reallocations and approved by the Board, Line Ministry and The National Treasury

19. Notes to the Financial Statements

1. General Information

National Construction Authority is established by and derives its authority and accountability from the National Construction Act No. 41 of 2011. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to regulate and coordinate the development of the construction industry.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, National construction Authority Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

a) *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and</p>

Standard	Effective date and impact:
	<p>comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to

Standard	Effective date and impact:
	<p>refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <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.

b) ***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> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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>

Standard	Effective date and impact:
	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.

c) **Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year 2022/2023

Notes to the financial statements (continued)**4. Summary of Significant Accounting Policies****a) Revenue recognition****i) Revenue from non-exchange transactions****Fees, taxes and fines**

The Authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions**Rendering of services**

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for the Current FY was approved by the National Assembly on 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Statement of Budget Comparison and Actual Amounts on the 2023 budget following the governing body's approval.

Notes to the Financial Statements (Continued)**Summary of Significant Accounting Policies (Continued)****Budget information (continued)**

The Authority budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

Notes to the Financial Statements (Continued)**Summary of Significant Accounting Policies (Continued)****c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)**Summary of Significant Accounting Policies (Continued)****e) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

g) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

h) Contingent liabilities

The Authority does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Notes to the Financial Statements (Continued)**Summary of Significant Accounting Policies (Continued)****i) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements i.e. revaluation reserves and revenue reserves.

j) Changes in accounting policies and estimates

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

k) Employee benefits**Retirement benefit plans**

The Authority provides a contributory retirement benefit for its employees. This defined contributory plan is a post-employment benefit plan under which the Authority pays fixed contributions of 15% while the employee contributes 7.5% on basic pay. The total amount is paid the fund account managed by Gen-Africa Asset Managers Ltd (Fund manager). The Authority have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

l) Foreign currency transactions

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

Notes to the Financial Statements (Continued)**Summary of Significant Accounting Policies (Continued)****m) Related parties**

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

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts at various commercial banks at the end of the financial year.

o) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)**Summary of Significant Accounting Policies (Continued)****5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Notes to the Financial Statements (Continued)**Summary of Significant Accounting Policies (Continued)****Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 27. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Depreciation Policy

Depreciation is calculated on straight-line basis at annual rates estimated to write off the cost of the asset over expected useful lives.

The annual depreciation rates in use are: -

i. Computer Equipment & Accessories	33.3%
ii. Motor Vehicles	25%
iii. Communication and Office Equipment	12.5 %
iv. Furniture and Fittings	12.5%

Notes to the Financial Statements (Continued)
6. Transfers from Other Government entities

	2022/23	2021/22
	KShs.	KShs.
Transfers from other government entities	1,202,300,000	1,260,000,000
Total	1,202,300,000	1,260,000,000

b) Transfers from Ministries, Departments and Agencies (MDAs)

The Authority receives budgetary support from the Government in the form of recurrent grants through the State Department for Public Works and shown in the schedule below;

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognized in capital fund	Total transfers 2022/2023	Prior year 2021/2022
	Kshs	Kshs	KShs	KShs	KShs
State Department of Public Work	1,202,300,000	-	-	1,260,000,000	1,260,000,000
Total	1,202,300,000	-	-	1,260,000,000	1,260,000,000

Notes to the Financial Statements (Continued)
7. Contractor Application Fees

The Authority is mandated to register and regulate the conduct of all contractors both foreign and local. The contractors are required to make an application to the Authority in the prescribed form and pay Kshs. 5,000.00 for local contractors and US dollar 500.00 for a foreign contractor application fee. The application is subjected to an evaluation and rated based on the provided criteria to inform the category and class of registration. The growth in revenue is attributed to the performance of the industry as it continues to recover from the Covid-19 pandemic.

Description	2022/23	2021/22
	KShs.	KShs.
Contractors Application Fee	86,058,005	53,014,894
Total	86,058,005	53,014,894

8. Contractor Registration Fees

The Authority registers contractors in different classes and categories depending on their qualifications and experiences. The categories of registration ranges from NCA 1 being the highest to NCA 8 being the lowest with the registration fees ranging from KShs 100,000.00 to KShs 5,000.00. The registration certificate issued is valid for a period of 3 years and renewable every year. The growth in revenue is attributed to the Performance of the industry as it continues to recover from the Covid-19 pandemic.

Description	2022/23	2021/22
	KShs.	KShs.
Contractors Registration Fees	289,510,163	163,689,822
Total	289,510,163	163,689,822

9. Contractor Renewal Fees

The NCA Act requires contractors to renew their practicing licences annually at a fee ranging from KShs 2,500 for NCA 8 to Kshs 30,000 NCA 1 per class of registration for local contractors and US dollar 1,500 for foreign contractors. Late renewals attract three times the annual renewal fee per class. The growth

Notes to the Financial Statements (Continued)

in revenue is attributed to the Performance of the industry as it continues to recover from the Covid-19 pandemic and the growth in the contractors register.

Description	2022/23	2021/22
	KShs.	KShs.
Contractors Renewal Fees	441,912,880	416,640,042
Total	441,912,880	416,640,042

10. Accreditation of Construction Workers

The Authority is mandated to register all construction workers and site supervisors. The skilled workers and site supervisors are required to make the application in the prescribed form and make a payment of KShs. 1,000.00 and KShs 2,000.00 respectively. The Authority in the period under review waived the accreditation fees to enhance with a view of enhancing the number of accredited workers in the industry.

Description	2022/23	2021/22
	KShs.	KShs.
Registration of Workers	141,001	660,000
Total	141,001	660,000

Notes to the Financial Statements (Continued)
11. Upgrade fees

The upgrade fees relate to application and registration fees charged on contractors applying for a category upgrade on the different classes of works with NCA 8 being the lowest category and NCA1 being the highest. The fees for upgrade application is KShs 5,000/- and registrations fees ranging from KShs 5,000/- to Kshs 100,000/- depending on the category awarded. The growth in revenue on this vote is attributable to the performance of the industry.

Description	2022/23	2021/22
	KShs.	KShs.
Upgrade fees	82,580,453	54,189,532
Total	82,580,453	54,189,532

12. Conference and Workshops

The Authority carries out training and capacity building workshops and seminars for the contractors and construction workers. The contractor's pays for the training while the Authority subsidizes the training cost using other internally generated revenues. Pursuant to section 5(2)(i) of the National Authority Act No 41 of 2011, The Authority is mandated to provide, promote, review, and co-ordinate training programs organized by public and private accredited training centers. The Authority accredited training institutions in the period under review at prescribed rates to carry out training of contractors. The decline in revenue is attributed to the policy change where the Authority charges administrative fees and the training cost is borne by the accredited institution. This has resulted in bottom line savings on capacity building programmes.

Description	2022/23	2021/22
	KShs.	KShs.
Conferences & Workshops	41,496,200	49,745,350
Total	41,496,200	49,745,350

Notes to the Financial Statements (Continued)
13. Interest Income

This income stream relates to interest earned on cash balances on the Authority's current bank accounts. The banks remit the payment of interest on credit balances at prevailing market interest rates. The variance as compared to the prior year relates to value of credit balances held across the period under review.

Description	2022/23	2021/22
	KShs.	KShs.
Credit Interest	8,886,994	9,527,964
	8,886,994	9,527,964

14. Other income

The incomes earned relates sponsorship fees for International Construction Research Conference and Exhibition. The Authority invited sponsors to facilitate the event which culminated to award of the best performing contractor and construction workers in the industry. This was aimed at promoting excellence in the industry through effective coordination and regulation of the industry.

Description	2022/23	2021/22
	KShs.	KShs.
Tender	-	225,770
Sponsorship	2,100,000	1,250,000
Total	2,100,000	1,475,770

Notes to the Financial Statements (Continued)

15. Use of Goods and Services

The expenditure constitutes administrative and operational costs in daily running of the Authority in discharge of its mandate as envisaged in the enabling Act of parliament.

Description	Restated	
	2022/23 KShs.	2021/22 KShs.
Security and cleaning	24,067,806	21,865,079
Utilities Supplies & Services	5,695,582	4,655,524
Rent	63,954,075	66,869,408
Staff Welfare & Hospitality	35,801,722	35,102,669
Staff Training and Capacity Building	68,782,091	72,672,989
Research, Contractors Training and Cap. Building	168,635,557	239,454,233
Office & Gen. Supply & Services	97,536,172	114,120,964
Fuel and Lubricants	31,728,442	24,138,985
Professional and consultancy Fees	19,225,481	13,632,580
Subscriptions and Licenses	33,420,628	24,962,202
Provision for Bad Debts	100,000,000	80,000,000
Insurance	83,106,660	90,840,142
Advertising	42,778,407	59,354,359
Travelling and Accommodation	140,308,098	138,332,879
Communication	33,041,223	20,919,128
Bank Charges	2,877,279	3,133,251
Total	950,959,223	1,010,054,392

The decline in expenditure as compared to the previous year relates to budget rationalisation and austerity measures. However, some votes recorded growth in expenditure i.e. security and cleaning, utilities, fuel and lubricants, subscriptions & licenses and communication. The increase on utilities, fuel and lubricants relates to the growth in market prices and the depreciating shillings. Whereas the growth in cleaning and security, subscriptions and licenses and communication costs relate to actual tendered amounts on the running contracts as per the market prices evaluated competitively.

Notes to the Financial Statements (Continued)

16. Employee costs

Employee costs includes salaries and wages, other personnel emoluments, employer pension contributions, training and capacity building and provision for gratuity for the period under review. The increase in personnel emoluments relates growth in establishment, the annual salary increments and secondment of National Police Officers to enhance the Authority's enforcement capacity. The reduction in gratuity and training and capacity building was occasioned by exit of staff on contract within the year and budget rationalisation respectively.

Description	Restated	
	2022/23	2021/22
	KShs.	KShs.
Salaries & Wages	802,924,637	745,707,090
Employer Pensions	61,502,600	56,781,885
Provision for Gratuity (Note 27)	25,527,973	29,338,276
	889,955,210	831,827,251

Notes to the Financial Statements (Continued)
17. Board expenses

The board expenses represent the expenditure incurred for the board activities. This is in line with the board's calendar of activities for the financial year in execution of their mandate in line with the NCA Act, Mwongozo guidelines amongst other regulations. The growth in expenditure relates board enquiries and capacity building programmes in the period under review.

Description	2022/23	Restated 2021/22
	KShs.	KShs.
Chairman Honoraria	1,027,300	1,044,000
Sitting Allowances	16,422,400	17,203,200
Training Expenses	10,624,903	2,955,766
Travel and Accommodation	37,523,019	14,681,027
Other expenses	600,220	651,128
	66,197,842	36,535,121

18. Repairs and Maintenance

The expenditure relates to expenses in maintenance of the Authority's assets to ensure optimal operations in service delivery. The decline in expenditure is attributed to efficiencies in handling of the Authority's assets.

	2022/23	2021/22
	KShs.	KShs.
Motor vehicles	14,025,801	20,500,888
Office furniture & equipment	229,081	849,659
Buildings-non-residential	19,201,414	2,245,908
Computers & ICT equipment	3,330,270	16,004,085
Total	36,786,565	39,600,540

Notes to the Financial Statements (Continued)
19. Depreciation

The policy of the Authority is to charge depreciation on a straight-line basis over the life span of the assets. The growth in depreciation expense in the period is attributed to revalued motor vehicle class of assets and the depreciation charge thereon.

Description	2022/23	2021/22
	KShs.	KShs.
Motor Vehicle	39,768,234	27,282,153
Furniture and Fittings	26,202,617	26,547,117
Computers and ICT Equipment	17,701,139	7,943,751
Office Equipment	1,789,552	1,852,745
Total	85,461,542	63,625,767

20. Taxes

The tax expense incurred by the Authority relates to the withholding tax on credit interest and tax expense on bank charges.

Notes to the Financial Statements (Continued)
21. Gain/Loss on foreign exchange transactions

The gain on foreign exchange transaction relates to revaluation gains on USD fixed deposit held and forex exchange in USD transactions.

22. Receivables from Non- Exchange Transactions
(a) Receivables from Non- Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
(i) Receivables		
Deposits	205,000	205,000
Debtors	1,658,529,434	1,659,273,434
Less: Impairment allowance	(1,068,902,185)	(968,902,185)
Salary Advance	2,506,515	1,788,603
Outstanding Imprests	3,888,580	6,615,089
Prepayments	74,769,289	66,884,838
Sundry Debtors	3,584,700	3,584,700
	674,581,333	769,449,480
(ii) Accrued Income		
Interest Income	-	-
Ecitizen payments	410,971	11,261,492
Accrued Mortgage recoveries	5,104,245	6,301,618
Grants receivable	92,050,000	-
	97,565,216	17,563,110
		-
(ii) Staff Schemes		
Mortgages	358,056,944	323,943,455
Car Loan	15,680,048	22,706,716
	373,736,991	346,650,171
Total receivables from non- exchange transactions	1,145,883,541	1,133,662,761

Notes to the Financial Statements (Continued)

(b) Ageing analysis for Receivables from Non- exchange transactions

Ageing Analysis- Receivables from non- exchange transactions	2022/2023	% of the total	2021/2022	% of the total
Less than 1 year	552,466,592	48%	439,501,812	38.8%
Between 1-2 years	-	0%	3,584,700	0.3%
Over 3 years	593,416,949	52%	690,576,249	60.9%
Total	1,145,883,541		1,133,662,761	

(c) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2022/23	2021/22
	Kshs	Kshs
At the beginning of the year	968,902,185	888,902,185
Additional provisions during the year	100,000,000	80,000,000
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	1,068,902,185	968,902,185

The policy of the Authority is to make a specific provision for bad and doubtful debts at the rate of 9% of the trade receivables. Review of sample of the files for the levy fees revealed gaps that may affect the recoverability of the debts hence the management made additional provision for bad and doubtful debts of Kshs. 100 Million for the period under review.

23. Cash and Cash Equivalentents

Description	2022/23	Restated 2021/22
	KShs.	KShs.
Current Account	63,868,785	97,337,734
On-Call deposits	9,356,000	7,356,000
Staff Car loan/Mortgage	128,293,368	162,184,614
Cash in hand	72,147	122,065
Total	201,590,300	267,000,414

The reduction in cash and cash equivalentents for the period under is attributable to uptake and disbursements out of the staff schemes and surplus remittances in the year under review.

Notes to the Financial Statements (Continued)
Detailed Analysis of the Cash and Cash Equivalents

		Restated	
Financial institution	Account number	2022/23 KShs	2021/22 KShs
a) Current account			
Kenya Commercial bank	1136368019	11,624,383	17,659,861
NCBA Bank Kenya	7012550017	1,412,989	7,707,257
NCBA Bank Kenya	7012550059	1,093,686	7,102,342
NCBA Bank Kenya	7012550022	3,713,532	39,568,660
Co-operative Bank of Kenya	1141163043900	7,335,966	25,299,614
Co-operative Bank of Kenya	1141164160000	38,688,229	
Sub- total		63,868,785	97,337,734
b) On -call deposits			
Kenya Commercial bank		9,356,000	7,356,000
Sub- total		9,356,000	7,356,000
b) Staff car loan/ mortgage			
Kenya Commercial bank	1178700763	76,700,498	105,709,200
Consolidated Bank	10011202000004	51,592,870	56,475,414
Sub- total		128,293,368	162,184,614
e) Others(specify)			
Cash in hand		72,147	122,065
		72,147	122,065
Grand total		201,590,300	267,000,414

Notes to the Financial Statements (Continued)
24. Property, Plant and Equipment

	Motor Vehicles	Furniture & Fittings	Computer Equipment & Access	Office Equipment	Capital Work in Progress	Total
	KShs	KShs	KShs	KShs		KShs
Cost						
<i>As At 01.07.2021</i>	270,311,670	220,342,519	177,613,783	22,779,893	33,179,660	724,227,525
<i>Adjustment</i>	-	-	-	-	-	-
<i>Additions</i>	26,551,400	6,283,730	13,155,700	1,288,940	39,860,257	87,140,027
<i>Disposals</i>	-	(1,277,204)	(1,446,964)	(93,110)	-	(2,817,278)
As At 30th June 2022	296,863,070	225,349,045	189,322,519	23,975,723	73,039,917	808,550,274
<i>Adjustment</i>	-	-	-	-	(9,550,000)	(9,550,000)
<i>Revaluation</i>	88,771,229					88,771,229
<i>Additions</i>	13,108,000	4,031,200	31,929,750	-	13,843,600	62,912,550
<i>Disposals</i>	-	-	-	-	-	-
As At 30th June 2023	398,742,299	229,380,245	221,252,269	23,975,723	77,333,517	950,684,053
Depreciation						
<i>As At 01.07.2021</i>	215,576,260	144,073,220	171,382,610	16,193,789	-	547,225,878
<i>Period Charge</i>	27,282,153	26,547,117	7,943,751	1,852,745	-	63,625,767
<i>Write off</i>	-	-	-	-	-	-
<i>Disposal</i>	-	(1,277,204)	(1,446,964)	(93,110)	-	(2,817,278)
As At 30th June 2022	242,858,413	169,343,134	177,879,397	17,953,423	-	-
<i>Period Charge</i>	39,768,234	26,202,617	17,701,139	1,789,552	-	85,461,542
<i>Write off</i>	-	-	-	-	-	-
<i>Disposal</i>	-	-	-	-	-	-
As At 30th June 2023	282,626,647	195,545,751	195,580,536	19,742,975	-	693,495,909
Net Book Value						
As At 30th June 2023	116,115,652	33,834,494	25,671,733	4,232,748	77,333,517	257,188,144
As At 30th June 2022	54,004,657	56,005,911	11,443,122	6,022,300	73,039,917	200,515,907

Notes to the Financial Statements (Continued)
Work in Progress (WIP)

Work in progress relates to capital expenditure and costs associated to the development of the Centre for Construction Industry Development (CCID)

24 (b) Property, Plant and Equipment at Cost

If the assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Capital Work in Progress	77,333,517	-	77,333,517
Motor Vehicles, Including Motorcycles	398,742,299	282,626,647	116,115,652
Computers And Related Equipment	221,252,269	195,580,536	25,671,733
Office Equipment	23,975,723	19,742,975	4,232,748
Furniture, And Fittings	229,380,245	195,545,751	33,834,494
Total	950,684,053	693,495,909	257,188,144

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost	Accumulated Depreciation
Office Equipment	9,617,337	9,617,337
Computer Equipment & Access	176,166,820	176,166,820
Furniture & Fittings	164,175,820	164,175,820
Total	349,959,977	349,959,977

During the prior year the following assets were disposed as per the Public Procurement and Asset Disposal Act 2015;

	Cost	Accumulated Depreciation
Office Equipment	93,110	93,110
Computer Equipment & Access	1,446,964	1,446,964
Furniture & Fittings	1,277,204	1,277,204
Total	2,817,278	2,817,278

Notes to the Financial Statements (Continued)
25. Intangible Assets

Description	2022/23	2021/22
	KShs.	KShs.
Cost		
<i>As At 01.07.2021</i>	174,205,691	174,205,691
<i>Adjustment</i>	(4,700,000)	
<i>Additions</i>	-	-
As At 30.06.2022	169,505,691	174,205,691
Depreciation		
<i>As At 01.07.2022</i>	691,210	691,210
<i>Period Charge</i>	-	-
<i>Impairment</i>	-	4,700,000
As At 30.06.2023	691,210	5,391,210
Net Book Value	168,814,481	168,814,481
As At 30.06.2023	168,814,481	168,814,481

26. Trade and Other Payables

Description	2022/23		2021/22	
	Kshs		Kshs	
Accounts Payables	55,718,726		181,380,333	
Provisions and Accruals- Note 27	243,801,468		235,714,904	
Prepaid Levy	24,251,869		24,251,869	
Sundry Creditors	11,859,617		22,658,866	
Receipts in Advance	-		3,045,509	
Total trade and other payables	335,631,679		467,051,481	
Ageing analysis: (Trade and other payables)	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	311,379,811	92.8%	439,754,103	94%
1-2 years	-	0.0%	3,045,509	1%
2-3 years	24,251,869	7.2%	24,251,869	5%
Total (tie to above total)	335,631,679		467,051,481	

Notes to the Financial Statements (Continued)
27. Current Provisions

The provisions made during the year for operating expenses are as per the schedule below;

	Gratuity	Audit Fees	Operating Expenses	Totals
	KShs	KShs		KShs
As at 1st July 2022	39,899,406	1,400,000	194,415,498	235,714,904
Provision for the year	25,527,973	700,000	50,321,929	76,549,902
Adjustments				-
Payments/Transfers				
Payments during the year	(10,908,139)	(2,100,000)	(55,455,200)	(68,463,339)
As at 30th June 2023	54,519,241	-	189,282,227	243,801,468

The Authority has various members of staff on contract basis, this includes the Executive Director, General Managers – Research, Business Development and Capacity Building, the General Manager Corporate services and the General Manager Registration and Compliance and 104 staff at huduma centres. The employees on contract are entitled to gratuity payment at the rate of 31% of the basic pay on successful completion of their terms. The Authority made provisions for operating expenses in the period under review to cater for contingent liabilities for goods and services provided and other running contracts that the Authority has a liability to pay in line with the accrual basis of accounting. The board approved the opening of a gratuity account to safeguard the funds provided for gratuity

28. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement the Entity remitted Kshs 98,634,023 being surplus in arrears and the reported surplus to be remitted as per the financial statements is KShs. 115,625,805

The Surplus Remission has been computed as follows:

Notes to the Financial Statements (Continued)

	2022/23	2021/22
	Kshs	Kshs
Surplus for the period	128,473,117	35,859,366
Less: Allowable deductions by NT	-	-
90% Computation (Included in Statement of Financial Performance)	115,625,805	32,273,430

Surplus Remission Payable

	2022/23	2021/22
	Kshs	Kshs
Payable at the beginning of the year	668,647,930	1,213,275,217
Paid during the year	(98,634,023)	(544,627,287)
Payable at end of the year	570,013,907	668,647,930

The Authority has complied with The PFM Act Section 219 (2) in remitting the surplus arrears which relates to the long outstanding debtors on construction levy that was set aside with effect from 1st January 2017.

Notes to the Financial Statements (Continued)
29. Cash Generated from Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the year before tax	128,473,117	35,859,366
Adjusted for:		
Depreciation	85,461,542	63,625,767
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	4,700,000
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	-	-
Increase in receivables	(12,220,780)	42,367,488
Increase in deferred income	-	-
Increase in payables	(131,419,801)	142,332,704
Increase in payments received in advance	-	-
Net cash flow from operating activities	70,294,078	288,885,324

30. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality

Notes to the Financial Statements (Continued)

of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Receivables from non-exchange transactions	1,145,883,541	556,256,292	589,627,249	-
Bank balances	201,590,300	201,590,300	-	-
Total	1,347,473,841	757,846,592	589,627,249	-
As at 30 June 2022				
Receivables from non-exchange transactions	1,133,662,761	443,291,512	690,371,249	-
Bank balances	267,000,414	267,000,414	-	-
Total	1,400,663,175	710,291,926	690,371,249	-

Notes to the Financial Statements (Continued)
Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from debtors. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Accounts Payables	30,243,413	25,475,313		55,718,726
Provisions and Accruals	76,549,902	167,251,565	-	243,801,468
Prepaid Levy	-	-	24,251,869	24,251,869
Sundry Creditors	11,859,617			11,859,617
Receipts in Advance	-	(550,100)	550,100	-
Total	118,652,932	192,176,778	24,801,969	335,631,679
As at 30 June 2022				
Accounts Payables	181,380,333	-	-	181,380,333
Provisions and Accruals	111,644,786	124,070,118	-	235,714,904
Prepaid Levy			24,251,869	24,251,869
Sundry Creditors	22,658,866			22,658,866
Receipts in Advance	-	3,045,509	-	3,045,509
Total	315,683,985	127,115,627	24,251,869	467,051,481

Notes to the Financial Statements (Continued)
Financial Risk Management
iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	88,771,229	-
Retained Earnings	1,329,073,557	1,282,942,082
Development Fund	20,000,000	20,000,000
Total Funds	1,349,073,557	1,302,942,082
Total Borrowings	-	-
Less: Cash And Bank Balances	201,590,300	267,000,414
Net Debt/(Excess Cash And Cash Equivalents)	(201,590,300)	(267,000,414)
Gearing	0%	0%

31. Related Party Disclosures
Nature of related party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Donors
- v) Key management.
- vi) Board of directors.
- vii)

Notes to the Financial Statements (Continued)

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Government Agencies	1,044,377,778	1,044,377,778
County Government	26,257,541	26,257,541
Total	1,070,635,319	1,070,635,319
B) purchases from related parties		
Purchases of electricity from KPLC	5,518,985	4,295,279
Purchase of water from govt service providers	176,596	169,786
Rent expenses paid to govt agencies	4,788,720	4,788,720
Total	10,484,302	9,253,784
b) Grants /transfers from the government		
Grants from national govt	1,202,300,000	1,260,000,000
Grants from county government	-	-
Donations in kind	-	-
Total	1,202,300,000	1,260,000,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	66,277,517	36,535,121
Compensation to key management	93,356,496	96,919,000
Total	159,634,013	133,454,121

Notes to the Financial Statements (Continued)
32. Capital Commitments

Capital Commitments	2022/2023	2021/2022
	Kshs	Kshs
Authorised and contracted for	11,930,000	9,550,000
Total	11,930,000	9,550,000

Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing.

33. Prior Year Adjustments

Prior period adjustments are recognitions of omissions and misstatements in the entity's financial statements for more than one prior period arising from under recognition of revenues, restatement of provisions and fund balances. It is the opinion of the management that the adjustments of Kshs 16,292,381 are immaterial and does not significantly affect decision making.

34. Events after the Reporting Period

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

35. Ultimate and Holding Entity

The Authority is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Lands, Public Works Housing and Urban Development. Its ultimate parent is the Government of Kenya.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference no. on the external audit report	Observations from the Auditor General	Management Comments	Status	Timeframe
1	Cash and cash equivalents relating to staff car and mortgage reconciled balances of ksh 102,099.092	The variances in cash book balance and the bank certificate of balance was occasioned by difference in reporting frameworks between the figures provided by the bank and the actual workings in our books. The variances have since been reconciled with the cashbook balances of the staff car and mortgage balances with that of the bank.	Resolved	
2	Preparation of schemes consolidated financial reports	To meet with the fund managers to agree on the deadline to prepare the financial reports as per the requirements of PFM Act 2012.	Not resolved	30.06.24
3	Unsupported expenditure on use of goods and services whereby the supporting	The lack of details on payee and activity description was occasioned by system inadequacies to generate the report as required. The Authority maintains the physical vouchers and the details are	Resolved	

	schedules did not have the details of the payees and activities undertaken.	available for review. The management reconfigured the ERP system to generate reports outlining the details of the payees and narrations of the undertaken activities to meet the audit requirements.		
4	Long outstanding receivables of Kshs. 1,659,279,934 with respect to construction levy	The management put in place recovery measures for the outstanding debts. However, the recoverability of the debts remains doubtful after the suspension of the levy with effect from 1 st January 2017 despite the recovery mechanisms employed. 70% of the debt is owed by government agencies. The management has engaged the National Treasury with the view of waiving the non-recoverable amounts and is currently working on a Cabinet Memo for consideration.	Unresolved	31.12.23
5	Prepayments to Konza Technopolis Development Authority for acquisition of land for development of Centre for Construction Industry Development (CCID)	The payment was made for purchase of 6.4 acres of land and the amount payable was subsequently waived as it is government land. The Authority treated the amount as a prepayment in the books of accounts and is engaging KoTDA on the utilization/refund of the amount.	Unresolved	31.12.23

6	Failure to revalue fully depreciated assets	The assets were fully disclosed by the management as per the provisions of IPSAS 17. One class of asset was revalued during the year i.e. motor Vehicle and the management will carry revaluation for another class in the current year.	Resolved	
7	<p>Trade payables; Aging analysis for trade and other payables and provisions.</p> <p>Clarity on who the money is owed to. Else, the money should have been surrendered to Unclaimed Financial Assets Authority (UFAA) (Kshs. 24,254,869)</p>	<p>The management has provided relevant schedules on the aging analysis for the trade payables through systems generated reports in prescribed formats.</p> <p>The management is still in the process of reconciling the funds with the debts records available.</p>	<p>Resolved</p> <p>Unresolved.</p>	31.12.23
8	Failure to comply with 30% affirmative action for board members.	The board is not properly constituted in compliance with the 30% gender rule. The management made relevant follow-ups with the appointing authority to ensure conformity to this affirmative action.	Unresolved	30.06.24

9	Delay in the implementation of the CCID project	The management has carried out feasibility studies, Geo-technical surveys, developed designs and the Building Implementation system for the implementation of the CCID project. However, the project implementation will take effect immediately now that the approvals have been granted by the National Treasury.	Resolved	
10	Non preparation of separate Financial Statement for Car Loan and Mortgage Loans	The PFM Act Regulations 2015 require government entities to prepare separate financial statements for the fund accounts. However, there is an ambiguity on the definition of a fund account and a scheme.	Unresolved	30.06.24
11	Non- compliance on the one third basic pay rule in payment of staff salaries	The Authority noted on the few affected staff on compliance level to the rule and rectified the anomaly.	Resolved	



Eng. Maurice Akech, MBS

Executive Director

Date: 30/09/2023



Appendix II: Projects implemented by National Construction Authority

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitmen t	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidate d in these financial statements (Yes/No)
Centre for Construction Industry Development (CCID)	N/A	-	5 Years	-	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completi on % to date	Budget	Actual	Sources of funds
1	Centre for Construction Industry Development	3,200,000,000	65,403,517	2%	-	65,403,517	AIA

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent /Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State department for Public Works	12.09.22	Recurrent	108,000,000	108,000,000	-	-	-	-	108,000,000
	29.09.22	Recurrent	109,000,000	109,000,000	-	-	-	-	109,000,000
	30.09.22	Recurrent	108,000,000	108,000,000	-	-	-	-	108,000,000
	14.11.22	Recurrent	109,000,000	109,000,000	-	-	-	-	109,000,000
	02.12.22	Recurrent	108,000,000	108,000,000					108,000,000
	29.12.22	Recurrent	108,000,000	108,000,000					108,000,000
	02.03.23	Recurrent	92,050,000	92,050,000					92,050,000
	06.04.23	Recurrent	92,050,000	92,050,000					92,050,000
	06.06.23	Recurrent	92,050,000	92,050,000					92,050,000
	08.06.23	Recurrent	92,050,000	92,050,000					92,050,000
	03.07.23	Recurrent	92,050,000	92,050,000					92,050,000
				1,202,300,000	1,202,300,000	-	-	-	-
Total			1,202,300,000	1,202,300,000	-	-	-	-	1,202,300,000

Appendix V- Inter-Entity Confirmation Letter



ISO 9001:2015 Certified

KCB Towers
Kenya Road
Upper Hill
www.nca.go.ke

P.O.Box 21046 - 00100
Nairobi, Kenya
DL: +254 709 126/172/173
info@nca.go.ke

The National Construction Authority wishes to confirm the amounts disbursed as at 30th June 2023 as indicated in the table below.

Confirmation of amounts received by National Construction Authority(NCA) as at 30th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by State Department for Public Works (KShs) as at 30th June 2023				Amount Received by NCA (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT22255LP21J	12/09/2022	108,000,000	-	-	108,000,000	108,000,000	-
FT22272JKXLP	29/09/2022	109,000,000	-	-	109,000,000	109,000,000	-
FT22273C5SBM	30/09/2022	108,000,000	-	-	108,000,000	108,000,000	-
FT22318R1WW4	14/11/2022	109,000,000	-	-	109,000,000	109,000,000	-



FT22336K9CTG	02/12/2022	108,000,000	-	-	108,000,000	108,000,000	-
FT22363QB3T2	29/12/2022	108,000,000	-	-	108,000,000	108,000,000	-
FT23034NMVT6	03/02/2023	92,050,000	-	-	92,050,000	92,050,000	
FT23096N2JGQ	06/04/2023	92,050,000	-	-	92,050,000	92,050,000	
FT23096731YM	06/04/2023	92,050,000	-	-	92,050,000	92,050,000	
FT23157FVZ3W	06/06/2023	92,050,000	-	-	92,050,000	92,050,000	
FT231594N5PV	08/06/2023	92,050,000	-	-	92,050,000	92,050,000	
FT22255LP21J	30/06/2023	92,050,000			92,050,000	-	92,050,000
Total		<u>1,202,300,000</u>			<u>1,202,300,000</u>	<u>1,110,250,000</u>	<u>92,050,000</u>

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

Head of Accountants department of beneficiary Entity:

Name C. HALSTINE KIRIMI Sign [Signature] Date 30/9/2023

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting	Increasing forest cover to 10% by 30 th June 2023	Increasing forest cover to 10% by 30 th June 2023	-	-	-	-	-	AIA	Kenya Forest Service