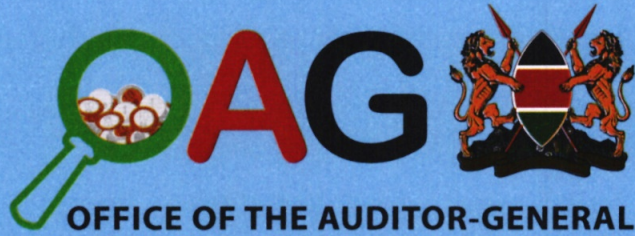


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 SEP 2024	DAY: WEDNESDAY
TABLED BY: DEPUTY MAJORITY LEADER	
CLERK-AT THE TABLE: HOV. ONEN BATA, MP	
	JOYCE L.

OF

THE AUDITOR-GENERAL

ON

MAENDELEO DEMOCRATIC PARTY

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
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MAENDELEO DEMOCRATIC PARTY (MDP)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2023

Prepared In Accordance With the Accrual Basis of Accounting Method Under
the International Public Sector Accounting Standards (IPSAS)

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

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Maendeleo Democratic Party (MDP)
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For the Year Ended 30th June, 2023

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

MDP – Maendeleo Democratic Party

BETA – Bottom-Up Economic Transformation Agenda

SDGs - Sustainable Development Goals

FY - Financial Year

ORPP – Office of Registrar of Political Parties

NEC – National Executive Council

NMC – National Management Committee

NDC – National Delegates Convention

MDP – Maendeleo Democratic Party

CMD – Centre of Multi-party Democracy

ICT - Information Communication Technology

CPL – Chief Party Leader

PL – Party Leader

PAYE - Pay As You Earn

NHIF - National Hospital Insurance Fund

AGM – Annual General Meeting

PPLC – Political Parties Liaison Committee

NEB - National Election Board

AFORD - Alliance for the Restoration of Democracy

B: Glossary of Terms

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

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

2. Key Entity Information and Management

a) Background of *Maendeleo Democratic Party (MDP)*

The party was first registered in 2007 as Alliance for the Restoration of Democracy in Kenya (AFORD-K) and a scissor was registered as its symbol. After realizing that there were so many parties with the FORD connotation the party's name was changed to Maendeleo Democratic Party (MDP) but the symbol of a scissor was retained.

Since registration the party has attracted a large number of memberships nationwide and has been fielding candidates for various elective positions. It has operational branch structures and offices in over 30 Counties. It is fully compliant with the Political Parties Act 2011. Its membership has been growing rapidly and currently it has over 300,000 members, majority of them being the youth and women.

Summary of key Achievements of the Party to date:

- a) Fully compliant with the Political Parties' Act, 2011.
- b) Recruited over 300,000 memberships.
- c) Operational offices in over 30 Counties and the headquarters in Kakamega County.
- d) Initiated innovative programs e.g., Nurturing talents among its young members.
- e) Involved in the enactment of the Constitution of Kenya 2010.
- f) It has been a member of Centre for Multi-Party Democracy (CMD) in Kenya.
- g) It has produced many elected Councilors, mayors and Member of Parliament since its inception.

b) Principal Activities

Principal Activities of **Maendeleo Democratic Party (MDP)** are outlined in the Party Constitution and which are within the guidelines set out by Political Parties Act, 2011.

c) Vision, Mission, Goal, Ideology and Core Values

Vision: To be the most known party in fighting corruption and promoting a development agenda in Kenya

Mission: To empower members and stakeholders through effective resource mobilization and provision of innovative, diversified, competitive products and services for self-sustainability and socio-economic development

Goal: To achieve sustainable development by providing exemplary people-centered leadership and fighting corruption.

Ideology: We are a social democratic party founded on Social Democratic ideals, with a major focus on the welfare of workers, youth, gender parity and equal opportunities for all Kenyan people.

Objectives

The objectives of **Maendeleo Democratic Party (MDP)** are outlined in the Party Constitution and which are within the guidelines set out by Political Parties Act, 2011.

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

Core Values

Our core values are based on the following;

- Integrity:** The Party shall ensure integrity in all their undertaking.
- Democracy:** The Party shall ensure Democracy is upheld in their activities.
- Respect:** The Party shall ensure Respect is maintained
- Equity:** The Party shall ensure that there is equity in all the opportunities within its jurisdiction.
- Relevance:** The Party is committed to ensuring relevance in its programs and activities.
- Relevance:** The Party is committed to ensuring relevance in its programs and activities.
- Quality:** All outputs and processes of the Party shall ensure that quality is maintained.
- Commitment:** The Party seeks to ensure commitment in its programs and activities.
- Relevance:** The Party is committed to ensuring relevance in its programs and activities.
- Excellence:** Excellence shall be targeted in outputs of the Party
- Justice:** The Party shall ensure that in all its dealings there is justice
- Accountability:** The Party shall insure that everybody is held accountable
- Transparency:** There will be assurance by the Party that there is transparency in all dealings
- Good Governance:** The Party shall exercise good governance
- Fight against corruption:** Through the Party organs, there will be a total fight against corruption

c) Key Management

Maendeleo Democratic Party day-to-day management is undertaken through the following organs:

1. The Party Management Committee
2. The Party Secretariat.

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:

The National Management Committee reviewed quarterly financial statements before they were recommended to the National Executive Council for approval.

The Audit and Risk Management Committee of the **Party (MDP)** reviewed the reports from the internal audit department. The National Executive Committee approved the Budget for FY2022/2023 and approved Quarterly Financial Statements before they were submitted to the Office of Registrar of Political Parties (ORPP) at the end of FY2022/2023.

The National Management Committee reviewed quarterly financial statements before they were recommended to the National Executive Council for approval.

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

The Audit and Risk Management Committee of the **Party (MDP)** reviewed the reports from the internal audit department. The National Executive Committee approved the Budget for FY2022/2023 and approved Quarterly Financial Statements before they were submitted to the Office of Registrar of Political Parties (ORPP) at the end of FY2022/2023.

Maendeleo Democratic Party (MDP) Registered Office

Headquarters Office: Kakamega Town, Maendeleo House

P.O Box 1980-50100 Kakamega,

Kenya Tel:0713 888 527

House No. 388, Email:maendeleoparty028@gmail

Party Officials (National Management Committee)

Ponyochi Kunyobo	: National Chairman
Alex Amasakha	: Secretary General
Repher Knighty	: National Treasurer
Ashford Muriuki	: The National Organizing Secretary
Ester Juma	: The Vice Chairperson

Bankers

Cooperative Bank, Kakamega Branch

P. O Box 48231-00100,

Nairobi, Kenya

Independent Auditor

Auditor - General

Office of the Auditor - General Anniversary

Towers, University Way

P. O Box 30084-00100

NAIROBI, KENYA

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

3. National Chairman's Statement

I am pleased to present the annual report and financial statements of ***Maendeleo Democratic Party (MDP)*** for the year ended 30th June, 2023. The party has continually focused on quality oversight, research and community outreach activities in fulfillment of its Vision and Mission. The Party is on track in the implementation of its Strategic Plan. The Strategic Plan was reviewed during the year to align it to the national development priorities provided in the Vision 2030, Medium-Term Plan IV and the Bottom-Up Economic Transformation Agenda (BETA). This has enabled prioritization of activities that are critical to the growth of the Party. The Party NEC is intent on promoting Partnerships, Collaborations and Linkages with its peer institutions and industry; such relationships are central in transforming the Party into a truly global institution.

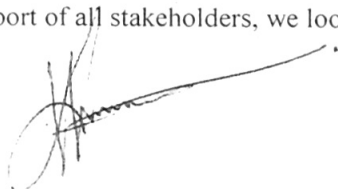
The financial year 2022/2023 marked the eleventh year of the implementation of the *Political Parties Act - 2011* The Act that Governs Political Parties. This Act focuses on addressing matters of effectiveness of the party, transparency and disclosures, accountability, risk management, internal controls, ethical leadership and good corporate citizenship. The **Maendeleo Democratic Party (MDP) NEC** and Management is committed to the full implementation of the provisions of the *Act*, which takes cognizance of the importance of good governance and citizenship on the development of the Party and the Community it seeks to serve.

While the Party has made great strides in pursuit of its priorities, it continues to face challenges in terms of constrained financial resources as a result of limited Government funding and declining contributions from members. In response, the Party has maintained strict fiscal discipline in the management of the available resources to address the emerging budgetary dynamics. The Party has on-going development projects that require substantial financial input towards their completion. The Party needs these facilities to accomplish its goals and mandate. Key among these facilities is the ownership of its own Head office and a Party vehicle.

Maendeleo Democratic Party (MDP) continues to build valued partnership in areas of research and collaboration with a number of institutions within the region and beyond. These institutions included NGOs both local and International, we extend our sincere gratitude.

On behalf of the Party National Executive Council, I take this opportunity to thank the Government for the continued support. I also wish to thank the Management and staff for their continued dedication and commitment. I wish to commend the members for their cooperation and understanding, which has contributed greatly to the stability and growth of the Party.

Finally, I would like to take this opportunity to thank our stakeholders for their continued support. With the support of all stakeholders, we look forward to even greater achievements in the coming financial year.



Ponyochi Kunyobo.

National Chairman of Maendeleo Democratic Party (MDP)

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

4. Report of the Secretary General

It is my great pleasure to present the annual report and financial statements of Maendeleo Democratic Party (MDP) for the financial year 2022/2023. The Party is committed to its Vision and Mission as contained in its Strategic Plan.

Party Financial Performance

Maendeleo Democratic Party (MDP) realised total revenue of **Kshs.3,166,450** in the FY 2022/2023. Total revenue realised in the FY2021/2022 was **Kshs.2,564,200**. The slight increase in revenue compared to the same period last year was due to the fact that the Party received nomination fee in the Financial Year under review compared to the previous Financial Year when the Party was never received such fees.

The members contributions was the main source of income at **Kshs.2,875,400** contributing to 90.8% of the Party revenue, followed by revenue Political Parties Fund at **Kshs. 291,050** translating to 9.2%.

Statutory compliance

Despite the financial constraints, **Maendeleo Democratic Party (MDP)** prioritized and complied with the statutory obligations, including having offices in over 30 counties, membership of over 300,000 and owning a few assets. Members volunteered space in their personal office for Party County offices.

National Politics and Elections

During the year, the Party sponsored candidates in various positions and managed to have three elected MCAs, this led to the Party to qualify for funding from Political Parties Fund.

ICT Infrastructure

In the recent past the Party has embraced use of technology in service delivery and enhanced its ICT infrastructure capacity by upgrading the network from 1G to 5G. Last year, the Party enforced a disaster recovery plan by implementing a cloud data back up and security firewall as a way to safeguard Party data and ICT equipment. The Party managed to reduce the cost of Internet services.

Lastly, may I take this opportunity on behalf of the Party Management and Staff, to thank the Government for the continued support. I pay tribute to Party membership, local and international partners, and all our stakeholders for their contributions and support during the year. As we move forward, we continue to count on your support in our endeavour to uphold the **Maendeleo Democratic Party (MDP)** Vision as the Party of excellence in discovery and dissemination of political knowledge.



Alex Amasakha

For: Secretary General

5. Party Governance Statement

Introduction

Maendeleo Democratic Party (MDP) is governed by the National Executive Council. The Parties Constitution gives the Party NEC the necessary powers to oversee the proper management of resources of the Party. As per the Parties Constitution, the NEC shall have powers to:-

- a) Manage, supervise and administer the assets of the Party in such a manner as best promotes the purpose for which the Party is established;
- b) Determine the provisions to be made for capital and recurrent expenditure and for reserves of the Party;
- c) Receive any grants, donations or endowments on behalf of the Party and make legitimate disbursements there from;
- d) Enter into association, collaboration or linkages with other bodies or organizations within or outside Kenya as the Party may consider desirable or appropriate and in furtherance of the purpose for which the Party is established; and
- e) Open a banking account or accounts for the funds of the Party.

Party Governance Principles

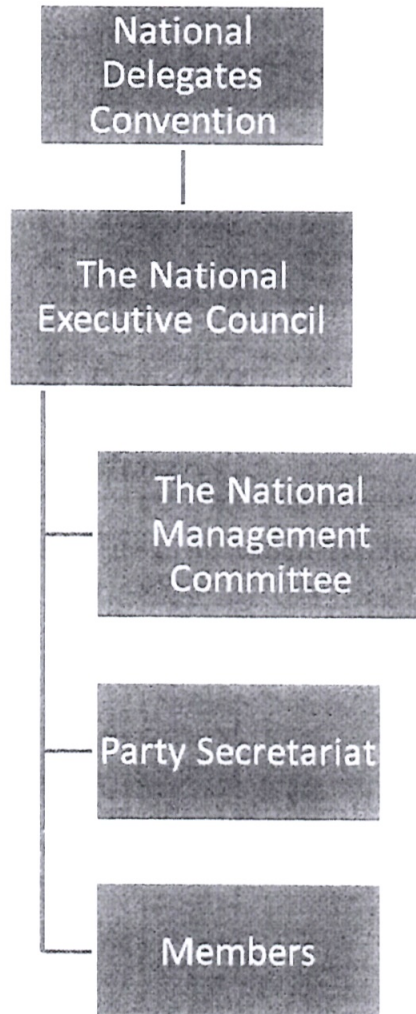
This is the eleventh year of the implementation of *Political Parties Act*. The Act stipulates how the Party is governed together with the party's constitution. The Party has adhered to its constitution and the Political Parties Act. The Party adhered to its constitution and the Political Parties Act 2011 to comply as below;

1. The composition and size of the NEC provided a diversity of gender, competencies and skills required for the effective leadership of the Party
2. The NEC provided strategic direction to the Party, exercised control and remained accountable to the relevant shareholders
3. The Executive ensured that NEC members are inducted and that their skills and knowledge were continually developed to enhance effectiveness
4. The performance of the NEC, its committees and individual directors were evaluated.
5. The NEC ensured effective, accurate, timely and transparent disclosure of pertinent information on the Party operations and performance.
6. The NEC ensured timely preparation of accurate financial statements
7. The NEC ensured that effective processes and systems of risk management and internal controls are in place
8. The NEC ensured that the procurement process is cost effective and delivers value for money
9. The Party committed to operate ethically and promote corporate social responsibility and investments

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

10. The Party complied with the Constitution, all applicable laws and regulations and in line with accepted national and international standards, as well as, the internal policies of the Party

The figure below indicates the Party structure;



Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

6. Report of the Party for the Year Ended 30 June 2023

The National Executive Council hereby submits the FY2022/2023 report together with the financial statements for the year ended 30th June, 2023 which shows the state of affairs of **Maendeleo Democratic Party (MDP)**

Principal activities

Principal activities of Maendeleo Democratic Party (MDP) are outlined in the Party Constitution and which are within the guidelines set out by the Political Parties Act, 2011

Results

The results of Maendeleo Democratic Party (MDP) for the year ended June 30th, 2023 are set out on pages 1 to 8.

Maendeleo Democratic Party (MDP) National Executive Council

The members of Maendeleo Democratic Party (MDP) NMC who served during the year are shown on pages **vii** in accordance with Political Parties Act, 2011

Auditors

The Auditor General is responsible for the statutory audit of Maendeleo Democratic Party (MDP) in accordance with the Political Parties Act, 2011 for the year ended 30th June 2023

By order of National Executive Committee



.....
Alex Amasakha

Secretary General

Dated.....

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

7. Statement of the National Management Committee's (NMC) Responsibilities

The Political Parties Act, 2011 requires the Party officials to prepare financial statements which give a true and fair view of the state of affairs of the Party as at the end of the financial year and of the results for that year. The Party officials are also required to ensure that the Party maintains proper accounting records which disclose with reasonable accuracy the financial position of the Party. The Party officials are also responsible for safeguarding the assets of the Party.

The Party officials accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with the internal financial reporting standards.

The Party officials are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Party as 30th June 2023 and of the operating results for the year then ended. The Party officials further confirms the accuracy and completeness of the accounting records maintained by the Party which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the Party officials and signed on their behalf on _____ 2023



.....
Ponyochi Kunyobo - **National Chairman**



.....
For: Alex Amasakha - **Secretary General**

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MAENDELEO DEMOCRATIC PARTY 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 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 the Maendeleo Democratic Party set out on pages 1 to 7, which comprise of the statement of financial position, as at 30 June, 2023, and the statement of financial performance, statement of changes in

net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Maendeleo Democratic Party as at 30 June, 2023, and its financial performance and its cash flows for the year then ended, in accordance with Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Income

The statement of financial performance reflects total income of Kshs.3,166,450 comprised of Kshs.291,050 and Kshs.2,875,400 in respect of income from Political Parties Fund and Members contributions respectively. However, the ledger and cashbook to support the income amounts were not provided for audit.

In the circumstances, the accuracy and completeness of the total income amount of Kshs.3,166,450 could not be confirmed.

2. Unsupported Expenditures

The statement of financial performance reflects expenditures of Kshs.1,083,800 and Kshs.2,106,540 in respect to administrative expenses and party promotion and advocacy expenses respectively. However, the ledger and payment vouchers to support the expenditures were not provided for audit.

In the circumstances, the accuracy and completeness of the expenditure totalling Kshs.3,190,340 could not be confirmed.

3. Unsupported Cash and Bank Balances

The statement of financial position reflects a balance of Kshs.46,780 in respect of cash and bank balances as disclosed in Note 10 to the financial statements. However, the cash book and bank reconciliations statement to support the balance were not provided for audit.

In the circumstances, the accuracy, completeness and existence of the cash and bank balances totalling Kshs.46,780 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Maendeleo Democratic Party 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.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.35,685,420 and Kshs.3,166,450 respectively, resulting to an underfunding of Kshs.32,518,970 or 91% of the budget. The underfunding may have negatively affected the planned activities of the Party.

2. Unaudited Comparative Balances

I draw your attention to the fact that prior to 2022/2023 financial year, only the financial statements of political parties funded from public funds were being audited pursuant to Article 229(4)(f) of the Constitution of Kenya, which mandates the Auditor-General to audit political parties funded from public funds. Although the financial statements presented for audit reflects comparative balances for the year ended 30 June, 2022, 2022/2023 financial year is considered as the first year of audit hence the audit procedures undertaken did not cover the prior year balances.

My opinion is not modified in respect of these matters.

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with Law on Establishment of Party Offices

During the year under review, the Party had only five (5) offices in thirty-eight (38) Counties that were visited. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which provides that a political party is to be qualified to be fully registered if it has

submitted to the Registrar the location and addresses of the branch offices of the political party, which has to be in more than half of the Counties.

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

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, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Internal Controls Systems

During the year under review, the Party had not put in place measures to ensure effective internal controls. The Party had no Internal Audit Function. Further, policy documents such as Finance Policies and Procedures Manual, Budget Policy, Risk Management Policy, Human Resource Policies and Procedures, Disaster Recovery Plan, IT Strategic Plan and an approved IT Security Policy were not in place.

In the circumstances, the effectiveness of Management oversight role over the Party affairs 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 processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Party'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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party'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 Party 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 Party to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

28 June, 2024

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

9. Statement of Financial Performance
For the Year Ended 30 June 2023

			2022/2023 Ksh.	2021/2022 Ksh
Income		Note		
Political Parties Fund	6		291,050	-
Members Contributions	7		2,875,400	2,564,200
Total Income			3,166,450	2,564,200
Expenses				
Administrative Expenses	8		1,083,800	1,129,537
Party Promotion & Advocacy	9		2,106,540	1,582,300
Total Expenditure			3,190,340	2,711,837
Surplus/(Deficit) for the year			(23,890)	(147,637)

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

10. Statement of Financial Position

As At 30 June 2023

		2022/2023 Ksh	2021/2022 Ksh
Assets	Note		
Current Assets			
Cash and Bank Balances	10	46,780	17,730
Total Current Assets		46,780	17,730
Non-Current Assets			
Property, Plant & Equipment	11	302,813	313,153
Total Non-Current Assets		302,813	313,153
Current Liabilities			
Creditors and Accruals	12	(804,737)	(762,137)
Total Current Liabilities		(804,737)	(762,137)
Total Net Assets & Liabilities		(455,144)	(431,254)
Represented by:			
Accumulated Fund		(455,144)	(431,254)



.....
Secretary General

Date:

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

11. Statement of Cash-flows
for the year ended 30 June 2023

Cash-flow From Operating Activities	2022/2023 Ksh	2021/2022 Ksh
Surplus for the year	36,450	(112,785)
	36,450	(112,785)
(Increase) / Decrease in Debtors and Prepayments	-	-
Increase / (Decrease) in Creditors and Accruals	42,600	198,058
Net Cash-flow From Operating Activities	79,050	85,273
Cash Flows From Investing Activities		
Purchase of Non-Current Assets	(50,000)	(77,363)
Cash-Flows From Financing Activities	(50,000)	(77,363)
Net Increase in Cash and Cash Equivalents	29,050	7,910
Cash and Cash Equivalents As at 1 July	17,730	9,820
Cash and Cash Equivalents As at 30 June	46,780	17,730

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

12. Statement of Change in Net Assets
For the year ended 30 June 2023

Accumulated Fund

	2022/2023	2021/2022
	Ksh	Ksh
As at 1 July 2022	(431,254)	(283,617)
Surplus/Deficit	(23,890)	(147,637)
As at June 2023	(455,144)	(431,254)

Maendeleo Democratic Party (MDP)
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13. Statement of comparison of budget and actual amounts

For the year ended 30 June 2023

Income	Budget Ksh	Actual Ksh	Variance Ksh
Political Parties Fund	10,789,600	291,050	10,498,550
Interest Received	45,320	-	45,320
Members Contributions	20,570,500	2,875,400	17,695,100
Donations	4,280,000	-	4,280,000
Total Income	35,685,420	3,166,450	32,518,970
Administrative Expenses			
Printing and Stationery	459,500	119,852	339,648
Bank Charges	73,420	4,208	69,212
Depreciation	472,390	60,340	412,050
Rent and Rates	4,658,200	899,400	3,758,800
Total	5,663,510	1,083,800	4,579,710
Party Promotion & Advocacy			
Hire of Halls	1,968,400	67,900	1,900,500
Recruitment(members book)	2,045,940	215,500	1,830,440
Printing Services(Tshirts,caps)	1,800,650	362,000	1,438,650
Training Services(Consultancy)	1,247,900	167,900	1,080,000
Transport Workshops/trainings	2,365,950	187,400	2,178,550
Meetings(NEC, NDC, ADC)	2,659,780	520,840	2,138,940
Accommodations	1,567,500	250,000	1,317,500
Website development	1,894,200	55,000	1,839,200
Advertisements/Publicity(Media)	2,097,000	280,000	1,817,000
Total	17,647,320	2,106,540	15,540,780
ASSETS			
Furniture	1,645,900	50,000	1,595,900
Motor Vehicle	8,000,000	-	8,000,000
Office Equipment	2,650,000	-	2,650,000
Total	12,295,900	50,000	12,245,900
Surplus	78,690	(73,890)	152,580

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
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14. Notes to the Financial Statements
For The Year Ended 30 June 2023

	2022/ 2023	2021/2022
6. Political Parties Fund	291,050	-
Total	291,050	-
7. Members Contributions		
Officials contributions Jul-Dec 22	744,550	1,185,750
Officials contributions Jan-Jun 23	680,000	1,378,450
Nomination Fees	1,450,500	-
Total	2,875,400	2,564,200
8. Administrative Expenses		
	2022/2023	2021/2022
	Ksh	Ksh
Bank Charges	4,208	13,432
Depreciation	60,340	34,852
Rent and Rates	899,400	1,065,900
Printing and Stationary	11,852	15,350
Total	1,083,800	1,129,537
9. Party Promotion & Advocacy		
	2022/2023	2021/2022
	Ksh	Ksh
Hire of Halls	67,900	102,400
Recruitment(members books,)	215,500	317,245
Printing Services(T-shirts, caps,	362,000	246,500
Training Services(Consultancy)	167,900	208,650
Transport to Workshops/trainings	187,400	245,900
Meetings(NEC, NDC, ADC)	520,840	185,400
Accommodation	250,000	204,340
Website development	55,000	-
Advertisements/Publicity(Media,)	280,000	71,865
Total	2,106,540	1,582,300

10. Current Assets

	2022/2023	2021/2022
	Ksh	Ksh
Petty Cash	45,200	39,450
Cash at Bank	1,580	(21,720)
Total	46,780	17,730

11. Non-Current Asset

Muendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

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

b) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards.

c) Depreciation

Depreciation is calculated on a reducing balance basis to write off the cost of each asset, to its residual value over its estimated useful life.

The Party's policy is to provide no depreciation in the year of acquisition and full depreciation in the year of disposal using the following rates:

Computers and Accessories	30
Furnitures and Fittings	12.5
Office Equipment	12.5

	Computer & Accessories Ksh	Furniture & Fittings Ksh	Office Equipment Ksh	Total Ksh
Cost				
As at 01 July 2022	85,406	117,909	109,838	313,153
Additions	-	50,000	-	50,000
Total	85,406	167,909	109,838	363,153
Depreciation				
As at Start of year	2,317	16,844	15,691	34,852
Charge for the year	25,622	20,989	13,730	60,340
	27,939	37,833	29,421	95,192
Net Book Value				
As at 30 June 2023	59,784	146,920	96,108	302,813

12. Current Liabilities

	2022/2023 Ksh	2021/2022 Ksh
Rent	400,000	289,000
Hall Hire	150,000	171,957
Promotion Material	150,000	254,600
Printing Services	104,737	46,580
Total	804,737	762,137

IMPORTANT TO NOTE:

Almost all contributions by members are in Kind such as Transport, Office Rent, Printing, Stationary etc. The income is realist after expenditure by contributing member

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

15. Appendices to Financial Statements
For the year ended 30 June 2023

Appendix 1:

Certificate of Balance

3/26/24 2:26 PM

Dear Sir/Madam,

REF: CERTIFICATE OF BALANCES

We enclose herein Certificate of Balances and accounts information as requested by yourselves as at 30/06/2023.
Kindly note interest is included in the balances.

Yours faithfully,


(BRANCH MANAGER)

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

CUSTOMER: MAENDELEO DEMOCRATIC PARTY

AT CLOSE OF BUSINESS ON: 30/06/2023

1. Balances(include NIL balances) on all accounts including deposits:

01109167256900	- KES	0.00	
01120167256901	- KES	1,579.93	Cr

2. Details of loans, overdrafts and facilities granted, stating whether secured or not, and if secured, nature of security held :

- NIL

3. The name of the account and date of closure in respect of any accounts which have been closed during the year ended on the above date :

- NIL

4. Interest accrued not included in the above balances :

5. Bills receivable discounted :

6. Bills held for collection :

7. List of stocks, shares, title deeds or other securities held by us, whether free from any charge, lien or any other encumbrance, and if bearer securities in whose name they were registered :

8. Guarantees given to us to the client and by us on behalf of the Client

9. Right of set-off

10. Forward contracts for the purchase or sale of foreign exchange

11. Withholding tax certificates for all interest during the year

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

Appendix 2:
Bank Statement

Current Account Statement



Statement Date: 30/06/2023 11:45 AM
 Statement Period: 10/06/2023 to 30/06/2023
 Statement Page No: 01

Page No: 1 of 1

MAENDELEO DEMOCRATIC PARTY
 P.O. BOX 111 KAKAMEGA
 KM
 KENYA

Account No: 0112345678901
 Account Description: CURRENT
 Currency: KES
 Branch: KAKAMEGA BRANCH
 Branch Code: 110/2

Trans Date	Transaction Details	Reference No	Value Date	Debit	Credit	Book Balance
10/06/2023	Opening Balance			0.00	0.00	0.00 Cr
10/06/2023	BALANCE TRANSFER	505913130	10/06/2023	3.00	1,919.93	1,916.93 Cr
20/06/2023	BUSINESS EXPENSE MAINTENANCE_FEE_MTD	505913132	20/06/2023	229.00	0.00	1,687.93 Cr
27/06/2023	EXPENSE	505913133	27/06/2023	63.00	0.00	1,624.93 Cr
Total Value				262.00	1,919.93	
Book Balance as on 30/06/2023						1,624.93 Cr
Clear Balance as on 30/06/2023						1,624.93 Cr

OVERDRAFT FACILITY DETAILS

Overdraft Limit: KES 0.00
 Overdraft Review Date: 31-Mar-18
 Interest Rate up to 100,000.00: 1.00%
 Interest Rate up to 499,999.99: 2.00%
 Interest Rate up to 999,999.99: 3.00%
 Interest Rate up to 4,999,999.99: 3.50%
 Interest Rate up to 9,999,999.99: 4.00%
 Interest Rate up to 49,999,999.99: 4.50%

This is a copy of the original statement.
 CO-OPERATIVE BANK OF KENYA LTD
 KAKAMEGA BRANCH

Muendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

Appendix 3

Asset Register As at 30 June 2023

Furniture	QUANTITY	VALUE
Chairs	40	29,500
Tables	10	42,300
Shelves	3	42,200
Office Desks	5	32,920
		146,920
Electronics		
Laptops	3	24,200
Desktop	3	20,902
Printer	2	14,250
Extention Cables	4	432
		59,784
Office Equipment		
Money Save	1	48,200
Stabler Machines	2	4,340
Paper Punch	2	3,130
Binding Machine	1	10,690
Paper cutter	1	3,728
Laminator	1	8,400
Water Dispenser	1	17,620
		96,108

Maendeleo Democratic Party (MDP)
Annual Report and Financial Statements
For the Year Ended 30th June, 2023

1,050,500	400,000	50	200	100	-	
1,250,500	496,000	96,050	96,200	96,100	96,000	680,000

Members Contributions	= 1,424,900
Nomination Fees	= 1,450,500
GRAND TOTAL	= 2,875,400