


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 SEP 2024	DAY: WEDNESDAY
TABLED BY:	DEPUTY MAJORITY LEADER HON. OWEN BATA MP
CLERK-AT THE-TABLE:	Joyce .L.

REPORT

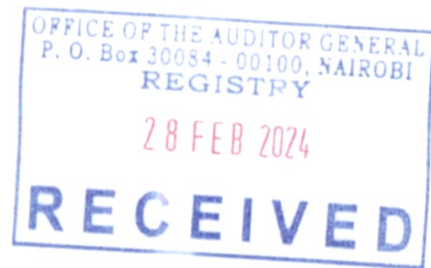
OF

THE AUDITOR-GENERAL

ON

AMANI NATIONAL CONGRESS PARTY

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



AMANI NATIONAL CONGRESS PARTY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2022

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

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1. Key Party's Information and Management

(a) Background information

H. E. Musalia Mudavadi founded the ANC Party in 2015 with the goal of protecting and promoting the rights of the Kenyan people to a life of dignity, peace, justice, and effective governance. The party believes that the power of the people lies in the grassroots

Kenya Kwanza

On 23rd January 2022, ANC Founder H.E Musalia Mudavadi joined hands with Ford Kenya Leader H.E Moses Wetangula and UDA party leader H.E William Ruto among other party leaders to form the Kenya Kwanza Coalition

(b) Aims & Objectives

Uphold, Protect, Prosper

To uphold and protect the Constitution of Kenya with a view to building a peaceful, united and prosperous nation

Inspire, Enable, Unite

To promote and champion the fight for youth empowerment and ensure that Kenyan youths are at the Centre of national development initiatives

Advocate, Uplift, Empower

To support and advance the cause of women's emancipation and empowerment and to ensure that gendered approach informs all policies and practices of the Party

(c) Women League

ANC Women League is a semi-autonomous organ of the Party. It is tasked with mobilization of Kenyan women to participate in the democratic & governance processes. It also champions increased involvement of the women in political processes as well social-economic rights for the marginalized & the minorities. The League has a vibrant grassroots network with a working structure spanning from the National Level to the Polling Center. It has a Charter and Policy documents which guide the operations of the League.

(d) Youths League

The ANC National Youth League (ANCNYL) is a semi-autonomous organ of the Party mandated with youth mobilization to take action political, economic and social processes in Kenya. The League has an expansive network spanning across the country in every Polling Center. To take charge of the country's future, the League mobilizes the youth into participating in politics through the Party. It has a Charter and Policy documents which guide the operations of the League.

(e) PWDs League

The PwD League is an organ of the Party established to champion of the inclusion of Persons with Disabilities in the Party. The League is mandated to recruit and runs programs for PwD across the country. Taking cognizance of the under-representation & marginalization the PwDs continue to face, the ANC—PwD league has sensitized PwDs on their political, economic & social rights to participate in governance processes.

(f) Our Major Commitments

The Vision of the Party is: “To guarantee a life of dignity for our citizens.”.

The Mission is to: To build a nation of governance ideology that secures economic freedom and empowerment of our citizens.

Core Values: Peace, Respect for human dignity, Respect for the law and Uphold national values as enshrined in article 10 of the law.

(g) Party Bodies

In order for the party to be successful, it is essential that the following entities are involved:

- Elections Board
 - o The Election's Board is responsible for peaceful and fair elections and nomination of candidates as well as party officials.
- Amani Council
 - o This is the party organ responsible for making major decisions concerning the party.
- CILLC-
 - o This is the legal team responsible for handling legal matters of the party.
- IDDC
 - o This is the legal team responsible for resolving internal disciplinary matters.

(h) Party Leadership

No.	Designation	Name
1.	Party Leader	H.E. Musalia Mudavadi
2.	National Chairman	Kelvin Lunani
3.	Secretary General	Simin Kamau
4.	Margaret Ndanyi	Executive Director

(i) Secretariat Team

The Amani National Congress Party is devoted to delivering exceptional services to our current and potential members, and this team is responsible for making that happen

Office of the Auditor General (OAG)

The oversight of the OAG is to audit and report on the use and management of public resources allocated to the Party in line with Article 229 (6) of the Constitution.

(j) ANC's Headquarters

Amani National Congress Party
House no. 15
961 Riverside Drive, Off Riverside Mews,
P.O Box 74391 - 00200
Nairobi, Kenya.

(k) ANC's Contacts

Telephone: (254) 0202033479/ 0202339834
E-mail: ancparty2017@gmail.com
Website: <https://ancparty.co.ke>

(l) ANC's Bankers




Kenya Commercial Bank Limited
High Court Branch
P O Box 48400 - 00100
Nairobi, Kenya.

ABC Bank Limited
Westlands Branch
P O Box 22400 - 00100
Nairobi, Kenya.

(m) Independent Auditors

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

2. The Party Leadership

Ref	Member	Details
1.	<p>Hon. H.E. Musalia Mudavadi</p> 	<p>Party Leader – 2015 to 2022</p> <p>Former Vice President and Deputy Prime Minister</p>
2.	<p>Kelvin Lunani</p> 	<p>National Chairman 2015 to date</p>
3.	<p>Hon. Simon Mwangi Kamau</p> 	<p>Secretary General- September 2021- March 2023</p> <p>Senior Partner- In-charge of Research and Legal Writing– Chege Kamau & Co. Advocates Makerere Univesity Uganda- LLB</p> <p>University of Nairobi- Candidate of Masters of Law</p>

3. Team Management

		Details
1.	Margaret Ndanyi	Executive Director
	Nathaniel Mongare	Director ICT & Programs and Partnership
	Nicholas Meli	Head of Administration

4. Chairman's Statement

I am pleased to present the Amani National Congress Party's Annual Report and Financial Statement for Financial Year 2022/2023 which is a statutory obligation. During the fiscal year, the Party continued with its commitment to fight crime through evidence-based research.

A nation's greatness depends on the quality of its leaders, and citizens exercise their power at the ballot box. It is essential to use this power wisely and make our voices heard to ensure a healthy democracy. Democracy is always a work in progress, and it requires active participation from all citizens to safeguard its principles and strive for greater inclusivity and representation. To maintain a democracy, political parties must be guided by fundamental values such as democracy and human rights, which cannot be compromised

5. Report of the Chief Executive Officer

I am pleased to present the Amani National Congress Party's Annual Report and Financial Statement for Financial Year 2021/2022 which is a statutory obligation. During the fiscal year, the Party continued with its commitment to fight crime through evidence-based research.

This report highlights the key achievements, institutional challenges and financial performance during the year. The financial statement for the financial year ending 30th June 2022 was prepared in compliance with the Public Finance Management Act, 2012.

i. Party's Compliance with Statutory Requirements

There is no major non-compliance that is likely to expose the Party to potential liability.

ii. Material Arrears in Statutory/Financial Obligations

There were no material arrears in statutory and financial obligations for the Party during the Financial Year.

iii. The Party's financial probity and serious Governance issues

The Party maintained financial integrity and there were no negative governance issues during the Financial Year.

e) Party's Compliance with Statutory Requirements

The Party has fully complied with the remission of statutory deductions.

f) Auditors

The Auditor-General is responsible for the statutory audit of the Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2022.

By Order of the Management Committee



.....
Name

Secretary General

Hon. Omboko Milemba

6. Statement of the Management Committee Responsibilities

The Board members are responsible for the preparation and presentation of the Party's financial statements, which give a true and fair view of the state of affairs of the Party for and as at the end of the financial year ended on June 30, 2022. 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 Party; (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 Party; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the Party's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and ANC Act 1997. The Council members are of the opinion that the Party's financial statements give a true and fair view of the state of Party's transactions during the financial year ended June 30, 2022, and of the Party's financial position as at that date.

The Council members further confirms the completeness of the accounting records maintained for the Party, which have been relied upon in the preparation of the Party's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council members to indicate that the Party 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 Party's Financial Statements were approved by the Board on 12/9 2023 and signed on its behalf by:



.....
Name *Kelvin Lunam*
Chairman



.....
Name *Hon. Omboko Milemba*
Secretary General

REPUBLIC OF KENYA

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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 AMANI NATIONAL CONGRESS PARTY FOR THE YEAR ENDED 30 JUNE, 2022

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

Adverse Opinion

I have audited the accompanying financial statements of Amani National Congress Party set out on pages 1 to 12, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net

assets and statement of cash flows 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Amani National Congress Party as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and Political Parties Act, 2011.

Basis for Adverse Opinion

1. Lack of Trial Balance

The Management of Amani National Congress did not present a trial balance for the financial year ended 30 June, 2022 for audit to confirm the entries in the parties bookkeeping system were correct.

In the circumstances, the accuracy of the financial statements could not be confirmed.

2. Unsupported Expenditure on Use of Goods and Services

The statement of financial performance as disclosed in Note 7 to the financial statements reflects expenditure on the use of goods and services balance of Kshs.13,686,745. Included in this are ledger expenditures amounting to Kshs.6,273,320 being cash withdrawals that were not in the procurement plan and were supported in the cash books as tabulated below:

	Item Descriptions	Amounts (Kshs)
1.	Administration Expenses	4,222,348
2.	Accountancy	97,000
3.	Membership Kshs.	600,000
4.	Rent	1,033,722
5.	Security	92,250
6.	ICT	228,000
	Total	6,273,320

Further, expenditure sub-schedules detailing the voucher numbers, payee and description of the expenditure on how the funds were utilized were not provided for audit review.

In the circumstances, the accuracy of the expenditure of Kshs.6,673,320 for the use of goods and services could not be confirmed.

3. Unsupported Expenditure on Party Advocacy and Meetings

The statement of financial performance and as disclosed in Note 8 to the financial statements as at 30 June, 2022 reflects expenditure on Party advocacy and meetings balance of Kshs.45,758,470. Included in the party advocacy and meetings were ledger

expenditures of Kshs.29,755,351 which were not in the procurement plan and were cash withdrawals that related to rallies and meetings, marketing and publicity; and travelling and subsistence of Kshs.24,020,282, Kshs.3,304,623, and Kshs.2,430,446, respectively, which were not supported with cash books.

Further, expenditure sub-schedules detailing, voucher numbers, payee and description of the expenditure on how the funds were utilized were not provided for audit review.

In the circumstances, the accuracy and completeness of party advocacy and meeting expenditure of Kshs.29,755,351 could not be confirmed.

4. Unsupported Employee Costs

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects employee amounting to Kshs.8,256,883. However, the payrolls to support the basic pay, allowances and deductions were not provided for audit review. Further, a lump sum payment to casuals amounting to Kshs.289,000 was not supported with muster rolls and signed payment schedules.

In the circumstances, the accuracy and completeness of employee costs of Kshs.8,256,883 could not be confirmed.

5. Unsupported Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 11 of the financial statements reflects cash and cash equivalents of Kshs.1,845,280. However, the balances relate to bank balances and not cash book balances which ought to be applied in preparation of the financial statements. Further, the balances were not supported with certified cashbook balances, certificates of bank balances and bank reconciliation statements.

In the circumstances, the accuracy and completeness of cash and cash equivalents balances of Kshs.1,845,280 could not be confirmed.

6. Property, Plant and Equipment

The statement of financial position and as disclosed in Note 12 to the financial statements reflects property, plant and equipment of Kshs.2,930,105. However, the list of assets/asset register provided did not indicate the cost price and accumulated depreciation to date. Further, there was no detailed method on how the assets were valued.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.2,930,105 could not be confirmed

7. Unsupported Trade and Other Payables

The statement of financial position reflects the trade and other payables balance of Kshs.3,006,507 which as detailed in Note 13 to the financial statements was not supported with sub-schedules, contract documents, delivery, receipt and issuance documents, stores records and aging analysis.

In the circumstances, the accuracy and completeness of trade and other payables of Kshs.3,006,507 could not be confirmed.

8. Unsupported Statement of Changes in Net Assets

The statement of changes in net assets reflects a retained earnings deficit opening balance of Kshs.3,934,536 which was not supported. Further, the capital fund was reflected as Kshs.1,238,900 while disclosure Note 12 to the financial statements reflects assets net book value of Kshs.650,937 which is the net value of assets Kshs.3,270,170 less accumulated depreciation of Kshs.2,619,233 resulting in an unexplained variance of Kshs.587,963.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

9. Statement of Cash Flows

The statement of cash flows reflects an increase in the payables balance of Kshs.950,560 instead of reflecting Kshs.3,006,507 being the payables balance in the statement of financial position at the end of the first year of reporting. Further, the statement reflects Kshs.2,731,377 on the purchase of equipment which was not capitalized in the statement of changes in net assets. In addition, the cash and cash equivalents balance as at 1 July, 2021 of Kshs.610,495 was not supported.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters described in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, based on the audit procedures performed, public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Presentation and Disclosure in the Financial Statements

The financial statements for the year ended 30 June, 2022 do not conform to the format prescribed by the Public Sector Accounting Standards Board (PSASB).

- i. The footer to the statement of financial performance reads the notes set out on pages 6-14 instead of pages 5-12.
- ii. The page header at page 1 to 4 reads 2023 instead of 2022;
- iii. The footer to the statement of financial position reads the financial statements set out on pages 1-5 instead of 1-4;
- iv. The statement of financial performance refers to receipts from non-exchange transactions as public contributions and donations instead of receipts from other government entities/ORPP;
- v. The statement of cash flows was presented using the indirect method instead of the direct method recommended by the PSAB. In addition, the items in the statement of cash flows were not referenced in disclosure notes;
- vi. Disclosure note 12 on property, plant and equipment, reflects figures for the financial year 2023 while the financial year ought to have been closed on 30 June, 2022; and
- vii. The statement of comparison of budget and actual amounts was not prepared.
- viii. The significant accounting policies were not disclosed in the financial statements.

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

2. Late Submission of the Financial Statements

The Party annual report and financial statements for the year ended 30 June, 2022 were submitted on 12th October, 2023, twelve (12) months and 12 days after the statutory deadline. This is contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements shall be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

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

3. Non-Compliance on Awarding of Tenders to Special Group

Review of the Procurement data availed for audit revealed that the Party did not award any contract to AGPO out total expenditure in use of goods and services balance of Kshs.13,686,745 and party advocacy and meetings balance of Kshs.45,758,470. This is contrary to Section 53 of the Public Procurement and Disposal Act, 2015 which requires that thirty percent (30%) of the contracts awarded should be for special groups.

In the circumstances, Management is 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, because of the significance of the matters described in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function

Review of documents revealed that the Party does not have an internal audit unit contrary to Section 73(1) a of the Public Finance Management Act, 2012 which requires that every national government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the existence and adequacy of the internal controls could not be confirmed.

2. Lack of Risk Management Policy

During the financial year under review, the Party did not have a Risk Management Strategy and had no approved processes and guidelines on how to mitigate operational, legal and financial risks. As a result, Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. Further, it was noted that Management lacked a Disaster Recovery Plan/Business Continuity Plan and therefore crucial information may not be recovered in the event of a disaster.

In the absence of a risk management policy, Management was not in a position to identify individual risks, significance areas, likelihood of occurrence of identified risks and the appropriate control measures.

3. Lack of Strategic Plan

The Management of the Party did not provide a Strategic Plan for audit review and the budget proposal for the financial year 2021/2022 was not supported with a strategic plan contrary to Regulation 32 (5) of the Public Finance Management Act (regulations) 2015.

In the circumstance, the achievement of the Party's long-term objectives could not be confirmed.

4. Asset Tagging/Identification

The statement of the financial position reflects a property, plant and equipment balance of Kshs.2,930,105 which, as disclosed in Note 12 to the financial statements includes furniture and fittings balance of Kshs.2,835,946, and computers and office equipment balance of Kshs.94,159. However, the stated assets were not tagged with unique identifiers as provided in Part IV(i) C Section 77(7) of The National Treasury Guidelines on Asset and Liability Management in the Public Sector, March 2020.

In the circumstances, the existence of a mechanism to safeguard the Party's assets 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 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 governance.

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

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 of Kenya. 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 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

10 June, 2024

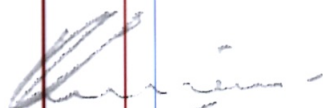
**Amani National Congress Party
Annual Report and Financial Statements
For the year ended June 30, 2023**

8. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021-2022 Kshs
Revenue from non-exchange transactions		
Public Contributions and Donations	5	15,591,398
Revenue from exchange transactions		
Members Contributions	6	57,027,422
Total revenue		72,618,820
Expenses		
Use of goods and services	7	13,686,745
Party advocacy and meetings	8	45,758,470
Employee costs	9	8,256,883
Depreciation and amortization expense	10	452,208
Total expenses		68,154,306
Surplus/(deficit) for the period/year		4,464,514

The Notes set out on pages 6 to 14 form an integral part of these Financial Statements.

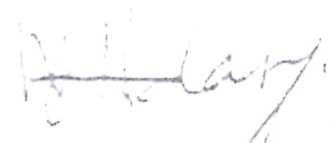
The Management accounts on pages 6 to 12 were approved for issue by the Management Committee on 12/9..... 2023 and were signed on their behalf by:



Chairman



Secretary General



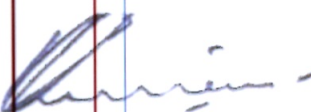
Executive Director

**Amani National Congress Party
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For the year ended June 30, 2023**

14. Statement of Financial Position as at 30 June 2022

	Notes	2021-2022
		Kshs
Assets		
Current Assets		
Cash and Cash equivalents	11	1,845,280
Total Current Assets		1,845,280
Non-Current Assets		
Property, Plant and Equipment	12	2,930,105
Total Non- Current Assets		2,930,105
Total Assets		4,775,385
Liabilities		
Current Liabilities		
Trade and Other Payables	13	3,006,507
Total Current Liabilities		3,006,507
Total Liabilities		3,006,507
Net Assets		1,768,878
Reserves		786,692
Accumulated Surplus		982,186
Total Net Assets and Liabilities		1,768,878

The financial statements set out on pages 1 - 5 were signed on behalf of the Management Committee by:



Name
Chairman

Date



Name
Secretary General

Date



Name
Executive Director

Date

15. Statement of Changes in Net Assets for the year ended 30 June 2022

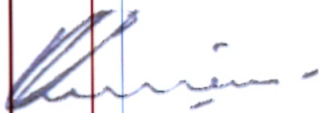
	Retained earnings	Capital/ Development Grants/Fund	Total
	KShs	KShs	KShs
As at July 1, 2021	(3,934,536)	1,238,900	(2,695,636)
Surplus for the year	4,464,514	-	4,464,514
Adjustment for depreciation	452,208	(452,208)	
As at June 30, 2022	982,186	786,692	1,768,878


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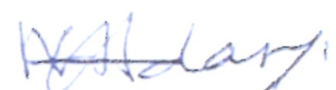
16. Statement of Cash Flows for the year ended 30 June 2022

	Notes	2021-2022 Kshs
Cash flows from Operating Activities		
Net Surplus for the year		4,464,514
Adjustment for:		
Depreciation		452,208
Operating surplus before working capital changes		4,916,722
Working capital adjustments		
Increase in payables	13	(950,560)
Net cash flows from/(used in) Operating Activities		3,966,162
Cash flows from investing activities		
Purchase of office equipment	12	(2,731,377)
Net cash flows from/(used in) investing activities		(2,731,377)
Net increase in cash & Cash equivalents		1,234,785
Cash and cash equivalents at 1 July		610,495
Cash and cash equivalents at 30 June	11	1,845,280

The financial statements set out on pages 1 to 5 were signed on behalf of the Management Committee by:


Name: Kelvin Lunani
Chairman


Name: Hon. Omboko Milemba
Secretary General


Name: Margaret Ndangari
Executive Director

Date 12/9/2023

Date 12/9/2023

Date 12/9/2023

18. Notes to the Financial Statements

1. General Information

The Amani National Congress Party is established by and derives its authority and accountability from Amani National Congress Party Act. The Party is wholly owned by the Government of Kenya and is domiciled in Kenya. The Party's principal activity is crime research and crime management.

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 Party'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 Party.

The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

The Party did not early – adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

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 Party and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income.

b) 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.

Depreciation rates are as below:

The assets are depreciated annually on reducing balance basis and charged to the statement of comprehensive income at the rates shown below;

Furniture and Fittings	12.5%
Office Equipment	12.5%
Computers	33%
Motor Vehicles	25%

Full depreciation is charged in the year of acquisition and none in the year of disposal.

c) Inventories

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The Party inventory comprises of consumable stores at the end of the financial year
Inventory is valued at an average cost as at the end of the financial year.

d) Provisions

Provisions are recognized when the Party has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate is made of the amount of the obligation. The Party gives provision for gratuity as per staff's contract.

e) Employee Benefits

Retirement benefit plans

The Party provides retirement benefits for its permanent and pensionable employees and gratuity for the contracted staff. The contributions to fund the obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

f) Related Parties

The Party 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 Party, or vice versa. The National Government, Council members, the CEO and Party's senior managers are regarded as related parties.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank at the end of the financial year.

h) Comparative figures

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

i) Subsequent events

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

**Amani National Congress Party
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5. Public Contributions and Donations

Description	2021-2022
	KShs
Party Coalition Contribution	15,591,398
ORPP Contribution	-
Total	15,591,398

6. Members' contributions

Description	2021-2022
	KShs
Membership & Booklets	3,236,603
Members subscriptions	52,980,819
Bank interest and Donations in kind	810,000
Total Income	57,027,422

7. Use of Goods and Services

Description	2021-2022
	Kshs
Admin Expenses	3,836,528
Accountancy Fees	438,605
Membership	2,832,000
Rent	3,817,000
Security	233,000
ICT Expenses	1,993,649
Audit Fees	120,000
Bank charges	170,363
Legal Expenses	245,600
Total	13,686,745

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8. Party advocacy and meetings

Description	2021-2022
	Kshs
Marketing, Publicity & Media	9,120,720
Rallies & Meetings	35,416,122
Travelling & Subsistence	1,151,628
Subscriptions To CMD	<u>70,000</u>
Total	<u>45,758,470</u>

9. Employee Costs

Description	2021-2022
	Kshs
Salaries and wages	8,256,883
Employee costs	8,256,883

10. Depreciation Expense

Description	2021-2022
	Kshs
Property, plant and equipment	452,208
Total depreciation and amortization	452,208

11. Cash and Cash Equivalent

Description	2021-2022
	Kshs
Current Account	
Kenya Commercial Bank	546,553
ABC Commercial Bank	1,298,727
Total Cash and Cash Equivalent	1,845,280

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12. Property, Plant and Equipment

	Furniture and fittings	Computers & office equipment	Total
	KShs	KShs	KShs
Cost			
At 1st July 2021	2,140,583	1,129,587	3,270,170
Additions	2,731,377	-	2,731,377
Disposals	-	-	-
At 30th, June 2022	4,871,960	1,129,587	6,001,547
At 1st July 2022	4,871,960	1,129,587	6,001,547
Additions			-
Disposals	-	-	-
At 30th, June 2023	4,871,960	1,129,587	6,001,547
Depreciation and impairment			
At 1st July 2021	(1,630,878)	(988,355)	(2,619,233)
Depreciation	(405,135)	(47,073)	(452,208)
Disposals	-	-	-
At 30th, June 2022	(2,036,013)	(1,035,428)	(3,071,441)
			-
At 1st July 2022	(2,036,013)	(1,035,428)	(3,071,441)
Depreciation	(354,493)	(31,073)	(385,566)
Disposal	-	-	-
At 30th, June 2023	(2,390,506)	(1,066,500)	(3,457,006)
			-
Net Book Value			
At 30th, June 2023	2,481,453	63,087	2,544,539
At 30th, June 2022	2,835,946	94,159	2,930,105

13. Trade and Other Payables

Description	2021-2022
	Kshs
Convent International Hotel	204,740
Subra brands	1,538,400
Chumi Eden Merchants	337,799
Ed Salary	-
Oracom Web Solutions Ltd	47,102
Party Primaries - Media and Marketing	758,466
Audit Fees	120,000
Total trade and other payables	3,006,507

14. Financial Risk Management

The Party'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.

15. Events after the Reporting Period

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

16. Ultimate And Holding Entity

The Party is a State Corporation under the Ministry of Interior and Coordination of National Government. Its ultimate parent is the Government of Kenya.

17. Currency

The financial statements are presented in Kenya Shillings (KShs).

**Amani National Congress Party
Annual Report and Financial Statements
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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	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	None	N/a	N/a	N/a

[Handwritten signature]

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Director/CEO

Date: *12/9/2023*