

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY PAPERS LAID	
<b>REPORT</b>	
DATE: 22 DEC 2020	DAY: TUESDAY
TABLED BY: LEADER OF THE MAJORITY	
CLERK-AT THE-TABLE: OFR-U-TIASRATI	

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL CONSTRUCTION AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



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**NATIONAL CONSTRUCTION  
AUTHORITY**

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**NATIONAL CONSTRUCTION AUTHORITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDING**  
**JUNE 30, 2019**

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**Prepared in accordance with the Accrual Basis of Accounting Method  
International Public Sector Accounting Standards (IPS/**

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## **THE AUTHORITY INFORMATION AND MANAGEMENT**

### **a) Background information**

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

### **b) Principal Activities**

The Authority Mandated is to:-

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

- Do all other things that may be necessary for the better carrying out of its functions under the Act.

**Vision**

“A well-coordinated and developed construction industry”

**Mission**

“To regulate, streamline and build capacity in the construction industry for sustainable socio-economic development”

**Core values**

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

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

**c) Authority Management Information**

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

- Board of Directors
- Executive Director
- Management

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Executive Director	Eng. Maurice Akech
2.	General Manager Corporate Services	CPA. James Kilonzi
3.	Ag. General Manager Registration and Compliance	Eng. Raymond Karani
4.	Ag. General Manager Research, Training and Capacity Building	Arch. Stephen Mwilu
5.	Head of Finance	CPA. Christine Kirimi
6.	Head of Procurement	Dr. Vincensia Apopa
7.	Head of Human Resource	CHRP. Paul Kariuki
8.	Head of Administration	CHRP. Daniel Kemei
10.	Corporation Secretary	Mr. Samson Lukoba
11.	Head of Corporate Strategy	Mr. Paul Gesora
12.	Head of Internal Audit & Quality Assurance	CPA. Anthony Ochieng
13.	Head of Registration & Compliance	Qs. Susan Rutto
14.	Head of Corporate Communications	Ms. Wangui Kabala
15.	Head of Training and Capacity Building	Ms. Juliet Kabere
16.	Ag. Head of ICT	Ms. Anne Mwaniki
17.	Ag. Head of Construction Research and Business development	Eng. Stephen Nyakondo

**e) Authority Headquarters**

11<sup>th</sup> Floor, KCB Plaza, Kenya Road

P.O Box 21046-00100

**NAIROBI.**



**f) Authority Contacts**

Tel: +254 20 2712096/98/99.

Email: [info@nca.go.ke](mailto:info@nca.go.ke)

Website: [www.nca.go.ke](http://www.nca.go.ke)

**g) Authority Bankers**

1. Kenya Commercial Bank Ltd,  
Milimani Branch,  
NSSF Building, Bishops Road,  
P.O. Box 69695 – 00400  
**NAIROBI.**
  
2. Commercial Bank of Africa,  
Upper Hill Branch,  
CBA Building, Mara and Ragati Roads,  
P.O Box 30437-00100  
**NAIROBI.**
  
3. Co-operative bank of Ltd  
Upper Hill Branch,  
KUSSCO Centre  
P.O Box 30415-00100  
**NAIROBI.**
  
4. Consolidated Bank of Kenya Ltd  
Koinange Street Branch,  
Consolidated Bank House,  
P.O Box 51133 - 00200  
**NAIROBI.**



NATIONAL  
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AUTHORITY

**h) Independent Auditors**

The Auditor- General

Office of the Auditor-General

Anniversary Towers

P.O Box 30084- 00100

**NAIROBI.**

**i) Principal Legal Adviser**

The Attorney General

State Law Office

P.O. Box 40112 – 00200

**NAIROBI.**

## THE BOARD OF DIRECTORS



**Qs. David Gaitho,**

**Chairperson of the Board,**

**Representing the Institute of Quantity Surveyors of Kenya (IQSK)**

**D.O.B: 27.07.1969**

**Appointed on 13.03.2020**

Qs. David Gaitho has over 26 years' experience in the construction industry, having worked in both the public and private sectors. He is a registered Quantity Surveyor with the Board of Registration of Architects and Quantity Surveyors (BORAQS), a Fellow of the Institute of Quantity Surveyors (IQSK), a professional member of the Royal Institution of Chartered Surveyors (RICS) and a corporate member of the Institution of Construction Project Managers (ICPMK). Gaitho has served professional associations with distinction as Chairman of IQSK and currently as the President of the Africa Association of Quantity Surveyors (AAQS). Qs. Gaitho holds a Msc. in Project Management from the University of Liverpool and a Bachelor's Degree in Building Economics from the University of Nairobi.



**Eng. Zipporah Rotich,**

**Vice Chairperson,**

**Representing the Kenya Association of Building and Civil Engineering Contractors (KABCEC)**

**D.O.B: 26.01.1964**

**Appointed on 01.07.2018**

Eng. Zipporah Rotich is a registered Structural and Civil Engineer with the Engineers Board of Kenya.

She has over 25 years of practicing experience in the construction industry, having been involved in major infrastructural projects within the East African Region. Eng. Rotich has served on the Boards of various organizations and holds a Master's Degree in Leadership Studies.



**Prof. Godrick Bulitia,**

**Board Member, representing Special Interest Groups**

**D.O.B: 23.09.1977**

**Appointed on 12.05.2017**

Prof. Bulitia is the Deputy Vice – Chancellor, Academics and Students Affairs at Maasai Mara University. Before his current post, he served as the Chief Executive Officer of Kaimosi Friends University, now a constituent college of Masinde Muliro University of Science and Technology. He has a PhD in Business Administration from Maseno University, as well as an MBA and a Bachelors (Education), both from the University of Nairobi. A career educator, Prof. Bulitia pioneered the e-learning modules for Maseno University and has helped develop curriculums for various universities both locally and abroad. He has been published in over nineteen (19) internationally peer reviewed scientific papers and journals, in addition to publishing a university level book in Human Resource Management. Prof. Bulitia also serves on the Board of The Centre for Corporate Governance Alumni Network.



**Ms. Susan Karanja**

**Board Member, representing the Cabinet Secretary National Treasury**

**D.O.B 23.04.1960**

**Appointed on 09.08.2012**

Ms. Karanja is a multi-talented investment and financial specialist and an experienced skilled negotiator with over thirty years' experience gained primarily in the public service. She is a member of the Institute of Directors (Kenya) and the Institute of Certified Investment and Financial Analysis (ICIFA)



**Arch. Makenzi Kiilu,**

**Board Member, representing the Principal Secretary, State Department of Housing and Urban Development.**

**D.O.B: 10.04.1960**

**Appointed on 22.02.2016**

Arch. Kiilu is a registered architect with the Board of Registration of Architects and Quantity Surveyors

(BORAQS).



**Arch. Jackson Kafuna**

**Board Member, representing PS State Department of Public Works**

**D.O.B 20.06.1959**

**Appointed on 03.08.2016**

Arch. Jackson Kivisi Kafuna is a registered architect with the Board of Registration of Architects and Quantity Surveyors (BORAQS) and a corporate member of the Architectural Association of Kenya. He is an expert in project management, having led construction consultancy teams to successfully implement projects in various development areas such as the Parliamentary Service Commission and the Public Service Commission.

Arch. Kafuna is currently in charge of managing the construction projects of all foreign embassies in Kenya. He is also a Lead Expert at the National Environmental Management Authority (NEMA).

Arch. Kifuna holds an MA in Project Planning and Management and a Bachelor of Architecture (Hons), both from the University of Nairobi.



**Eng. Stephen Kogi**  
**Board Member, representing the Principal Secretary,**  
**State Department of Transport and Infrastructure.**

**D.O.B: 14.01.1964**

**Appointed on 09.08.2012**

Eng. Kogi is a Civil Engineer registered with the Engineers Board of Kenya. He has been involved in key infrastructural projects in the industry over the last twenty years.



**Arch. Waweru Gathecha, representing the**  
**Architectural Association of Kenya**

**D.O.B: 02.09.1972**

**Appointed on 01.07.2018**

Mr. Gathecha is an architect by training and practice, nominated to the Authority's Board of Directors by the Architectural Association of Kenya. He is the managing partner at Waweru & Associates Architects, an architectural firm based in Nairobi. He has undertaken projects in the United Kingdom, Kenya, Rwanda and South Sudan. He graduated with a degree in architecture from the University of Nottingham, United Kingdom, in 1998. He is a Fellow of the Architectural Association of Kenya (AAK) and a Corporate Member of the Royal Institute of British Architects (RIBA). He also serves as a board member at the Board of Registration of Architects and Quantity Surveyors of Kenya (BORAQS). Mr. Gathecha is a past president of the Architectural Association of Kenya, and a past council member of the East Africa Institute of Architects, Africa Union of Architects, and the International Union of Architects. He has also served the Commonwealth Association of Architects as a validation panel member, and in this capacity was involved in the validation of architectural education course outcomes at schools of architecture across several African countries. He has also served a sector board chairperson at the Kenya Private Sector Alliance (KEPSA).



**Elizabeth Mvoi Mwasaru, representing the Law Society of Kenya**

**D.O.B: 26.07.1985**

**Appointed on 01.07.2018**

Mvoi is an Advocate of the High Court of Kenya and specializes in Conveyance Law, Corporate & Commercial Law, Maritime Law and Construction Law. She is currently serving as the Chairperson of the Human Resource Committee of the Authority's Board of Directors. In 2012, she was appointed as the Quality Management Representative (QMR) for ISO Certification at the Focus Container Freight Station in Mombasa. Mvoi is also the Managing Partner at E. M. Mvoi & Co. Advocates based in Mombasa and lectures part time on the Principles of Commercial and Business Law at Jomo Kenyatta University of Agriculture and Technology (JKUAT). Mvoi is passionate about mentorship of the girl child and serve as a mentor in WOMESA, a UNDP project for Eastern and Southern Africa. Mvoi holds an Msc. (Project Management) from JKUAT and an LLB Degree from Kampala International University. She has three years pre-bar and three years post bar experience in Conveyance, Maritime Law, Corporate and Commercial Law. Mvoi previously worked as an in-house Legal Advisor at Focus Container Freight Station and Interpel Investments Ltd before joining Oloo and Chatur Advocates in April 2014.



**Eng. Jane Mutulili, representing the Institution of Engineers of Kenya**

**D.O.B: 11.11.1966**

**Appointed on 01.07.2018**

Eng. Jane Wanjiru Mutulili is the Project Manager of La Femme Engineering Services Ltd. A civil engineer by profession, she is registered with the Engineers Board of Kenya and is the First Vice President of the Institution of Engineers of Kenya (IEK). Eng. Mutulili also serves as the Chair of IEK's Membership Committee and is a Council Member of the Association of Consulting Engineers of Kenya (A.C.E.K.) Eng. Mutulili is currently the Chair of the Technical Committee of the Authority's Board.

She has previously worked as the Managing Director and Head of Construction at the Danish Refugee Council and the Lutheran World Federation, and as a project manager in Kenyatta University. Eng. Mutulili served as the Chair of the Construction Industry Policy Taskforce and as a presiding officer with the Electoral Commission of Kenya in 2002.

Eng. Mutulili has an MSc. From Sunderland University (2001) and a BSc. Civil Eng. (Hons) from the University of Nairobi.



**Eng. Maurice Owiti, representing the Kenya Federation of Master Builders (KFMB)**

**D.O.B: 18.09.1972**

**Appointed on 01.07.2018**

Eng. Maurice Owiti is the Vice Chairman of KFMB, a body representing the interests of local contractors on the Authority's Board of Directors. He is the founder and Group Chief Executive Officer of Spentech Engineering Limited, a construction company based in Kenya with local and international operations.

Eng. Owiti holds a Bachelor's Degree in Mechanical Engineering from the University of Nairobi (1997), an Executive MBA in Strategic Management from Moi University (2008) and is a globally certified Project Management Professional (PMP) from the Project Management Institute (USA).

He has run projects across the globe, moreso in Africa, particularly in the infrastructure and telecommunication sectors. Eng. Owiti was the contractor on the project that led the migration from Analogue to Digital Broadcasting in Kenya, Uganda and Nigeria in the period 2011-2013 through Multichoice Africa (PTY) Ltd. He is registered with and is a member of many professional bodies, including the Engineers Board of Kenya, the Institution of Engineers of Kenya (IEK), Project Management South Africa (PMSA), Project Management Institute (USA), as well as PMI Chapters in Kenya and South Africa.

Eng. Owiti is currently leading infrastructure projects both in Asia and Africa.



**Mr. Kirpal Suri, representing the Roads and Civil Engineering Contractors Association (RACECA)**

**D.O.B 21.09.1961**

**Appointed on 01.07.2018**

Mr. Kirpal Singh Suri is a graduate from the University of Nairobi, where he studied Economics. He is a Director at Victory Construction Company Limited and has been involved in construction works from 1985 to date, specifically covering roads, water and sewer projects. He has served as the Assistant Secretary at RACECA since 2010.

**Kenneth Luusa, representing Special Interest  
Groups**

**D.O.B 21.12.1966**

**Appointed on 01.07.2018**



Ken graduated from the University of Aberdeen, (Scotland) with a Bachelor's Degree in Land Economics in 1990. He then joined a leading international firm of Chartered Surveyors working in the property management department of the firm's Aberdeen Office, where he was responsible for the firm's client portfolio in the North East of Scotland. Prior to joining Acorn Group, he was the Regional Chief Executive Officer of Property Development and Management Ltd (PDM), an Aga Khan Development Network Company where he was responsible for managing and developing the organization's commercial property portfolio in East Africa. Apart from extensive management experience gained in practicing in the six East African Countries {Tanzania, Kenya, Uganda, Rwanda, Burundi and South Sudan} and Europe for the past 25 years, Ken is a seasoned professional and a member of the Royal Institution of Chartered Surveyors, The Institution of Surveyors in Uganda, is a practicing and registered Valuation Surveyor in Uganda and is a registered Real Estate Agent in Kenya, he is also the vice chairperson of the Kenya Property Developers Association (KPDA). Ken has been with Acorn since 2006.



**Eng. Maurice Akech**

**Executive Director/Secretary to the board.**

Eng. Akech was appointed on 27<sup>th</sup> September 2019 as the second Executive Director and Registrar of Contractors. He previously served the Authority in the capacity of the General Manager for Research, Training and Capacity Building where his main role was to spearhead and provide leadership in the construction Industry on research and training activities as well as consultancy and advisory services that promote its development, coordination

and growth. He is a professional engineer registered as a civil engineer by Engineer’s Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He holds a master’s degree in Construction Engineering and Management (CEM) and Bachelors of Science degree in Civil Engineering (CE) both from Jomo Kenyatta University of Agriculture and Technology, Kenya. Eng. Maurice has experience spanning over 20 years in design, construction supervision and management as well as leadership in the construction industry. He has worked on mega civil engineering, infrastructure and telecommunications projects in various capacities with international and local companies in Kenya. Some of the companies he has worked for prior to joining NCA include Safaricom Ltd, Gibb Africa and Howard Humphreys Consulting Engineers.



**Samson Lukoba**

**Corporation Secretary**

Mr. Lukoba brings to the Authority over ten years’ experience in both strategic and operational positions in multinational organizations. He has a strong legal background with emphasis on Human Resource and Industrial Relations Management with a focus on Compliance and Risk management. Prior to joining NCA, Mr. Lukoba was the Legal and Ethical Trading

Manager at Oserian Development Company Ltd. He has also worked with various legal firms, where he worked extensively in litigation. Mr. Lukoba holds a Bachelor of Laws (LLB) from the University of Mumbai (India), a Bachelor of Arts from Panjab University (India) and a Diploma in Law from the Kenya School of Law. He is a member of ICPSK and currently pursuing master of laws in oil and gas in Strathmore Business School.

**MANAGEMENT TEAM****Eng. Maurice Akech****Executive Director/Secretary to the board.**

Eng. Akech was appointed on 27<sup>th</sup> September 2019 as the second Executive Director and Registrar of Contractors. He previously served the Authority in the capacity of the General Manager for Research, Training and Capacity Building where his main role was to spearhead and provide leadership in the construction Industry on research and training activities as well as consultancy and advisory services that promote its development, coordination and growth. He is a professional engineer registered as a civil engineer by Engineer's Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He holds a master's degree in Construction Engineering and Management (CEM) and Bachelors of Science degree in Civil Engineering (CE) both from Jomo Kenyatta University of Agriculture and Technology, Kenya. Eng. Maurice has experience spanning over 20 years in design, construction supervision and management as well as leadership in the construction industry. He has worked on mega civil engineering, infrastructure and telecommunications projects in various capacities with international and local companies in Kenya. Some of the companies he has worked for prior to joining NCA include Safaricom Ltd, Gibb Africa and Howard Humphreys Consulting Engineers.



**CPA James Kilonzi**

**GM Corporate Services**

Mr. Kilonzi has an extensive accounting background in the public sector, having worked as the Chief Accountant at the Horticultural Crops Development Authority and The Kenyatta International Convention Centre, where he was in charge of formulating, implementing and reviewing accounting systems and financial policies and procedures. Mr. Kilonzi also has working experience as an auditor and has been in the accounting industry for more than fifteen years. He has already overseen several accounting milestones at NCA, such as the development of the financial and accounting policies, management of donor funding, Improved financial performance & reporting and automation of the Authority's accounting function.

Kilonzi has Master of Business Administration (Strategic Management) from Kenya Methodist University and a Bachelor of Commerce (Accounting Option) from Devi Ahilya University, Indore (India). He is currently pursuing a Master in Public Policy Analysis from Jomo Kenyatta University of Agriculture and Technology.



**Eng. Raymond Karani**

**Ag.GM. Registration and Compliance**

Eng. Karani has over twenty years of experience as a civil engineer, extensively as a Water Engineer. Prior to joining NCA, Eng. Karani worked for the National Water Conservation and Pipeline Corporation, where he handled major projects across the country, such as the construction of Rare, Thua and Rumuruti Dams. Eng. Karani, still under the NWPC, served as the Regional Manager in the Coast and Southern regions. He brings to the Authority an all-embracing knowledge of the industry, keenly aware of the workings and challenges of contractors and other professionals in the sector.

He has a Bachelor of Science in Civil Engineering, Department of Civil Engineering, University of Nairobi, and is currently pursuing a Master of Business Administration (MBA) at the University of Nairobi.



**Arch. Stephen Mwilu**

**Ag.GM. Research, Training and Capacity**

**Building**

Mr. Mwilu is a registered Architect with BORAQS. Prior to joining the Authority, Arch. Mwilu worked with the Directorate of Public Works, where he rose to the position of Senior Superintending Architect. Arch. Mwilu joined NCA as a Regional Officer in charge of the Lower Eastern Region, and his dedication and hard work saw him promoted to Manager, Regional Offices, where he coordinates the activities of NCA's all the regional offices and liaison offices. Arch. Mwilu brings to the Authority a wealth of knowledge due to his technical background, as well as over a decade's experience both in the public sector and as a private consultant. Mwilu holds a Master's degree in Construction Management from the Jomo Kenyatta University of Science and Technology (JKUAT) and a Bachelor of Architecture from the University of Nairobi.



**CPA Christine Kirimi**

**Manager, Finance**

Mrs. Kirimi is a career accountant, with extensive experience in finance, management accounting, taxation and stock control, with considerable knowledge in management information systems, financial management systems and computerized accounting and budgeting. Before assuming the role of Manager Finance at NCA, Mrs. Kirimi was the Acting Principal Accountant in the then Ministry of Land, Housing and Urban Development's Directorate of Public Works, where she supervised the day to day activities of the section, prepared monthly financial reports, prepared the annual budget and oversaw its implementation. She has substantial experience in public finance, having worked in Various Government Ministries such as the then ministry in the office of the president, Ministry of labour and Human Resource Development, Ministry of Metropolitan and Urban Development among others in different capacities.

She has a Master's of Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce (Finance) from the Catholic University of Eastern Africa. She is a member of Institute of Certified Public Accountants of Kenya, Association of Women Accountants of Kenya and Hon. Treasurer Ministry of Works Sports Club (MOW)



**CHRP Daniel Kemei**

**Manager, Administration**

Mr. Kemei is a Doctoral Candidate (Human Resource Management) at Jomo Kenyatta University of Science and Technology (JKUAT). He holds a MSc. Human Resource Management also from JKUAT and a Post Graduate Diploma in Corporate Governance from KCA University.

Mr. Kemei's passion for people led to his choice of career. Before joining NCA, he was the Senior Human Resource and Administration Manager at Kenya Power, where he had risen up the ranks and was responsible for recruitment, management of administrative services, policy formulation and records management. He has worked in various parts of the country and brings to the Authority over seventeen years' experience in the in Human Resource Management and Administration field.



**Paul Gesora**

**Manager, Corporate Strategy**

Mr. Gesora, a career civil servant, oversees the Corporate Strategy Department of the Authority, where he ensures that the Authority is line with its Performance Contract and Strategic Plan. He has previously worked as the Principal Economist in the Ministry of Land, Housing And Urban Development, and was one of the key staff members who set up NCA

and helped build a working organizational framework. Mr. Gesora has also worked in the Ministries of Roads and Public Works, Lands and Settlement, Agriculture and Rural Development, and Finance and Treasury. In various capacities, he has worked on the Implementation of Economic Recovery Strategy for Wealth and Employment Creation, developed Strategic Plans for Kenya National Highways Authority (KENHA). Kenya Rural Roads Authority (KERA), Kenya Urban Roads Authority (KURA) and participated in the formulation of various policies, such as the Irrigation and Drainage Policy for Kenya, Kenya's Horticultural Policy and the Oil-crops Policy for Kenya. A seasoned economist, Mr. Gesora brings over twenty years' experience to NCA.

Gesora holds a Bachelor of Arts (BA-Honours, Economics from the University of Baroda (India).



**CHRP Paul Kariuki**

**Manager, Human Resource**

Mr. Kariuki, who started his career as a teacher, has been a Human Resource professional for the last thirteen years, and was previously the Principal Human Resource Management Officer in the Public Works Directorate of the Ministry of Land, Housing and Urban Development. He has an extensive background in Human Resource generalist affairs, including experience in employee recruitment and retention, staff development, mediation, conflict resolution, benefits and compensation, records management, policy development and legal compliance. His teaching background provides an added advantage to staff at the Authority when it comes to welfare and development. Mr. Kariuki has a Master of Business Administration (Human Resource Management) from Kenyatta University, MA in Public Policy & Administration, a Higher National Diploma in Human Resource Management from Inoorero University and a Bachelor of Education (Arts) from Moi University.



**Samson Lukoba**

**Corporation Secretary and Head of Legal department**

Mr. Lukoba brings to the Authority over ten years' experience in both strategic and operational positions in multinational organizations. He has a strong legal background with emphasis on Human Resource and Industrial Relations Management with a focus on Compliance and Risk management. Prior to joining NCA, Mr. Lukoba was the Legal and Ethical Trading Manager at Oserian Development Company Ltd. He has also worked with various legal firms, where he worked extensively in litigation. Mr. Lukoba holds a Bachelor of Laws (LLB) from the University of Mumbai (India), a Bachelor of Arts from Panjab University (India) and a Diploma in Law from the Kenya School of Law. He is a member of ICPSK and currently pursuing master of laws in oil and gas in Strathmore Business School.



**Qs. Susan Rutto**

**Manager, Registration and Compliance (Building Works)**

Qs. Susan Rutto holds a Bachelor of Arts, Building Economics and Management from University of Nairobi and is a construction industry professional with fifteen years' experience both in the private and public sectors. Having worked for various consultancy firms, she joined the then Ministry of

Public Works where she rose to Superintending Quantity Surveyor, preparing bills of quantities, tender documents and advising on contract administration, as well as handling various projects such as the School of Combat in Lanet. Qs. Rutto was one of the founding staff members of the Authority, where she helped develop the evaluation criteria for the registration of contractors and initiated the registration process for the same.



**Dr. Vincensia Apopa**

**Manager, Supply Chain**

Dr. Apopa is a long standing professional in the supply chain management field, having practiced the same for over twenty years. She has worked in various capacities for the Ministries of Agriculture and Labour, and more extensively for the Kenya National Highways Authority, where she received a Professional Achievement Award in recognition of distinguished accomplishments in her department.

Ms. Apopa has expansive experience in procurement planning and budgeting, preparation of statutory reports and tender documents as well as a good understanding of legal frameworks associated with procurement, and brings that wealth of knowledge to the Authority. Dr. Apopa holds a doctoral degree in Supply Chain Management from JKUAT, Master of Science, Procurement and Logistics from the Jomo Kenyatta University of Science and Technology (JKUAT) and a Bachelor of Purchasing and Supplies Management from the same university.



**Mrs. Wangui Kabala**

**Manager, Corporate Communications**

Mrs. Kabala is a trained public relations professional and media personality with almost ten years' experience in both radio and television. She is also a writer, published in both local and international publications. Mrs. Kabala's media background has equipped her with excellent writing and oratory skills, as well as creativity and attention to detail- abilities that are invaluable in the profession. Since joining the Authority, she has managed the corporate brand and raised NCA's profile to a solid and reliable government agency as well as developed mutually beneficial relationships with relevant stakeholders.

Mrs. Kabala holds a Master of Business Administration (MBA) programme from Strathmore Business School, Bachelor of Arts, Communication (Public Relations) from Daystar University and a Diploma in Business Administration, Association of Business Executives (United Kingdom).



**CPA Anthony Ochieng**

**Manager, Quality Assurance  
And Internal Audit**

Mr. Ochieng, whose love for mathematics inspired his accounting background, has worked as an auditor extensively in the public sector. He was previously the Senior Internal Auditor at the Kenya Urban Roads Authority, where he developed, documented and updated audit procedures, developed a risk matrix, carried out financial audits and prepared audit reports. He also worked in the same capacity at the Kenyatta National Hospital. Mr. Ochieng has vast knowledge in risk management and quality management, and brings that same experience to his position at the Authority.

Ochieng has a Master's of Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce (Finance) from the Catholic University of Eastern Africa.



**Arch. Juliet Kabere**

**Manager, Training and Capacity Building**

Arch. Kabere is an experienced trainer and technical expert in the technical training and capacity building field, having worked extensively in the industry. She is a highly motivated and charismatic personality who is passionate about mentorship and continuous learning. Having worked with the Authority as an external trainer since the programme's inception, Arch. Kabere is highly capable and well suited to lead the Training and Capacity Building Department. Kabere has a Master's degree in Urban Management from the University of Nairobi as well as a Bachelor of Architecture, University of Nairobi.



**Anne Mwaniki**

**Ag. Manager, ICT**

Anne Mwaniki is a seasoned IT professional with over 10 years of experience in the ICT gained in both the private and public sector. She holds a Bachelor of Science in Information Technology from Jomo Kenyatta University of Agriculture and Technology and a Master of Science in Information Technology Management from the University of Sunderland in United Kingdom. She is a certified Project Manager and a member of the Project Management Institute and Computer Society of Kenya.



**Eng. Stephen Nyakondo**

**Ag. Manager, Construction Research and Business Development**

Eng. Nyakondo is a Mechanical Engineer specializing in Building Services with sixteen years' experience in both the public and private sectors. He has a Bachelor of Science in Mechanical Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT), and is currently pursuing a Master of Environmental and Bio-systems Engineering at the University of Nairobi. Prior to joining NCA, Eng. Nyakondo worked for the State Department of Public Works, where he handled major projects across the country. Stephen is well versed on global issues within construction, such as green construction, business



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CONSTRUCTION  
AUTHORITY

Annual Reports and Financial Statements for the Year Ended June 30, 2019

development, Public Private Partnerships (PPPs), project finance, construction materials, distributions and business to business linkages. He brings to the Authority an all-embracing knowledge of the industry and keen awareness of the workings and challenges of contractors and other professionals in the sector.

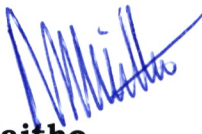
## **CHAIRMAN'S STATEMENT**

The establishment of the Authority has undoubtedly contributed to the increase in efficiency and effectiveness of the construction industry, through streamlining of the contractor registration process which has resulted in the reduction of quack contractors, increasing project completion rates, improving workmanship and promoting ethical standards in the industry. This has been achieved with support from the Government and other industry stakeholders and development partners.

The Government has been focused on the delivery of key infrastructural projects, particularly in the roads, rail and energy sectors, which is critical for the achievement of Vision 2030. The Government has also launched various projects under the transformative 'Big Four Agenda'. These initiatives, coupled with private sector investments in housing, have contributed to the steady growth of the industry, averaging at an annual rate of 7.5% over the last decade. The Authority's role in the achievement of the transformation agenda will entail effective regulation to create a level playing ground for all industry stakeholders, a friendly investment climate and capacity building in the industry.

The Authority is spearheading the formulation of the Construction Industry Policy (CIP) which will provide the much required framework for the effective management of the construction industry. The Policy addresses thematic areas including business development, quality assurance, materials and technology, sustainability, capacity building, research, ethics and the legal framework.

The Authority will continue to partner with the all industry stakeholders in order to ensure sustainable growth of this industry and ultimately, our country's economy.



**Qs. David Gaitho**

**CHAIRPERSON OF THE BOARD**

**EXECUTIVE DIRECTOR'S STATEMENT**

As the industry regulator, the Authority actively participated in various initiatives towards the attainment of the country's development blueprint.

The Authority spearheaded the development of the Juakali Manual, a guide for the participation of the informal Juakali sector in the delivery of affordable housing, and was also in charge of the Appropriate Building, Materials and Technology (ABMT) Village at the Nairobi International Trade Fair showground, which provided a platform for stakeholders to showcase sustainable building practices and methods. To ensure the industry has the required manpower, the Authority continued to train and build the capacity of contractors and the construction workers, and introduced the accreditation of Continuous Professional Training (CPD) trainers to compliment the internal trainings.

Construction research and development is one of the key mandates of the Authority, and this year saw various studies and research projects undertaken, such as Riparian Mapping within Nairobi County, preparation of the draft document on Assessment of Building Failures in Kenya and a draft report on Assessment of Local Contracting Capacity to Undertake Projects.

The Authority, in conjunction with various stakeholders, prepared the draft Construction Industry Policy, which will be submitted to the Cabinet Secretary in the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works. In addition, the industry Code of Conduct initially published in 2015 was reviewed to incorporate new developments and to address challenges within the industry. The Code will guide and regulate the conduct of parties engaged in construction-related procurement and to establish the standards of practice that participants may expect from each other and against which they can be measured.

It has been a productive year, and the Authority looks forward to attaining even bigger milestones in the coming year.



**Eng. Maurice Akech**

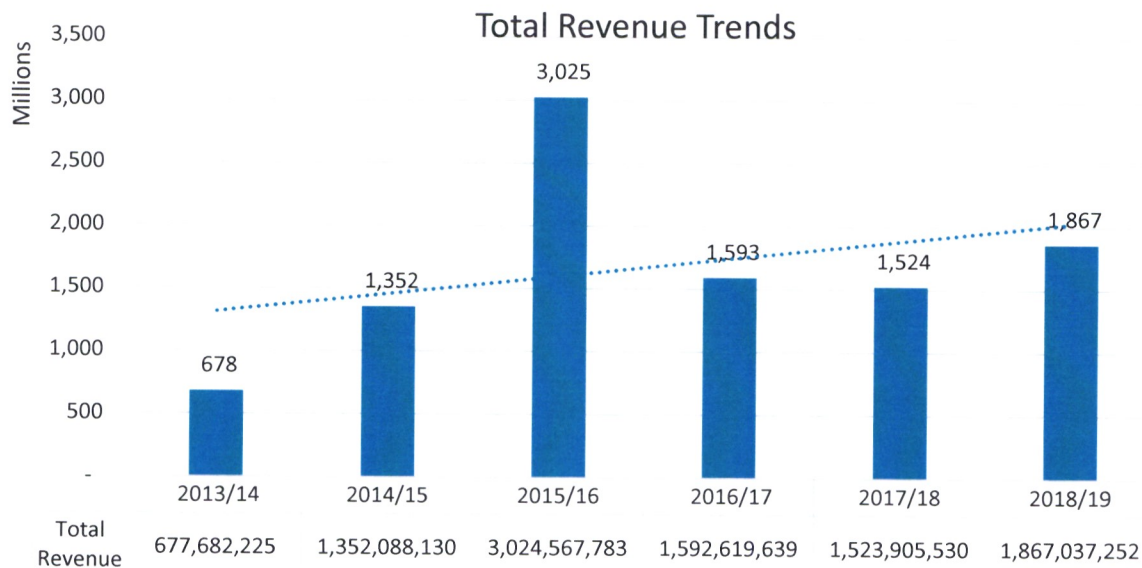
**Executive Director/Registrar of Contractors**

## KEY HIGHLIGHTS AND ACHIEVEMENTS

The financial year 2018/2019 marks the seventh year of the Authority since its establishment in July 2012. The Authority remains committed to its mandate of promoting the development of the construction industry for a sustained socio-economic development. The key highlights of the Authority’s performance for the period are as outlined below.

### i. Financial Performance

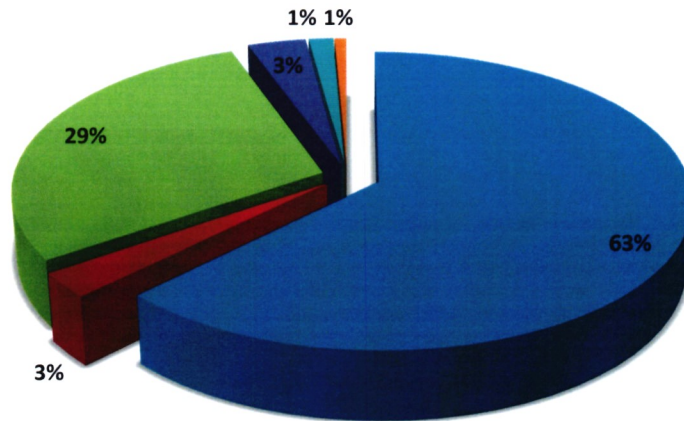
#### a. Financial performance in figures



The total revenue for the Authority for the financial year 2018/19 increased by 23% as compared with financial year 2017/18. The internally generated revenue decreased by 16% which is attributable to timely renewal of contractors’ licenses thereby reduction on fees charged as penalties for late renewal as compared to the previous year. The support from the Government in the form of recurrent grants grew by 70% as a compensation for the removal of the construction levy in line with the Government’s policy.

**b. Revenue Sources for FY 2018/2019**

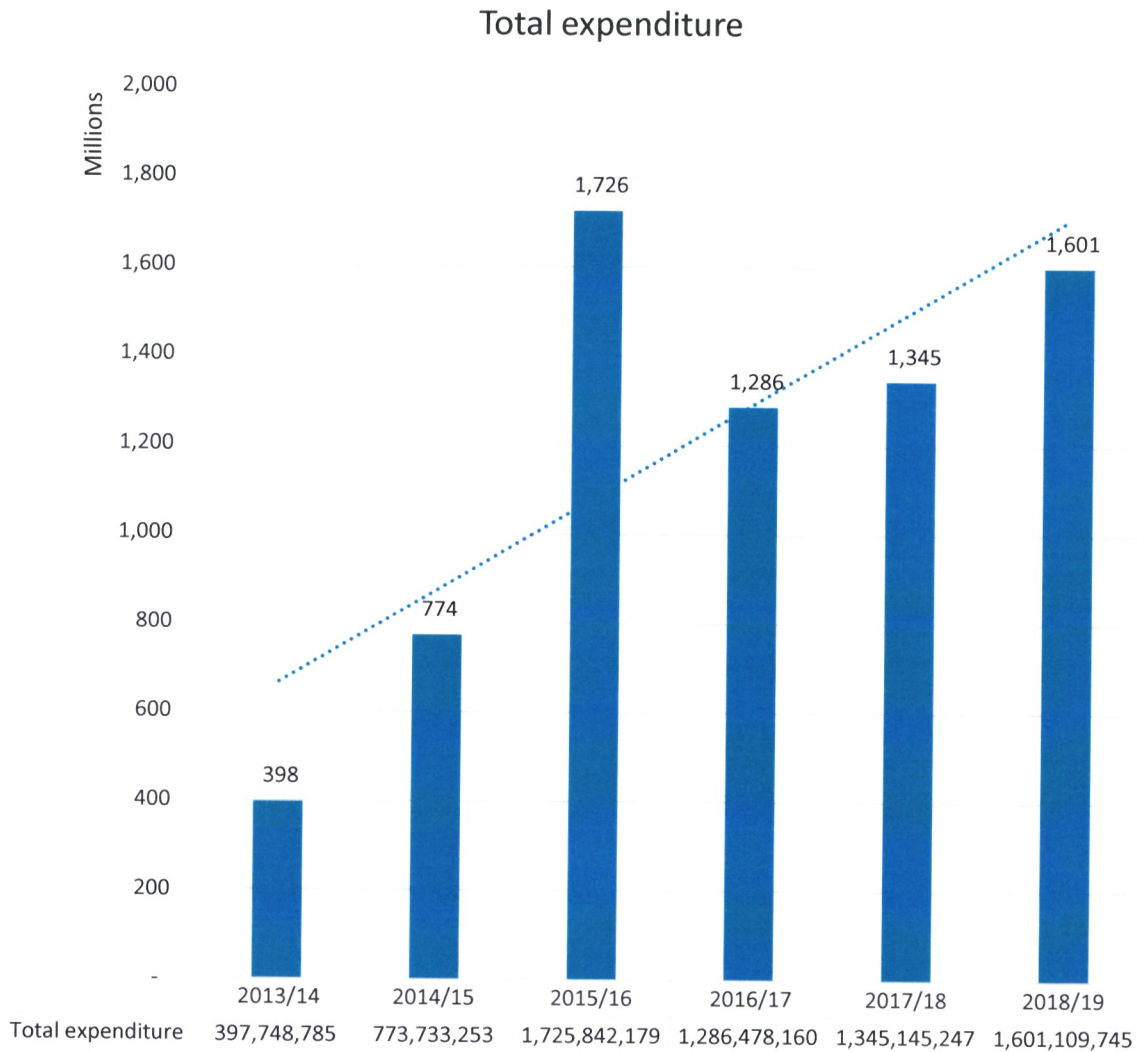
**Revenue by source**



■ GoK Grants ■ Contractors Application ■ Contractors Registration ■ Conferences ■ Investment ■ Others

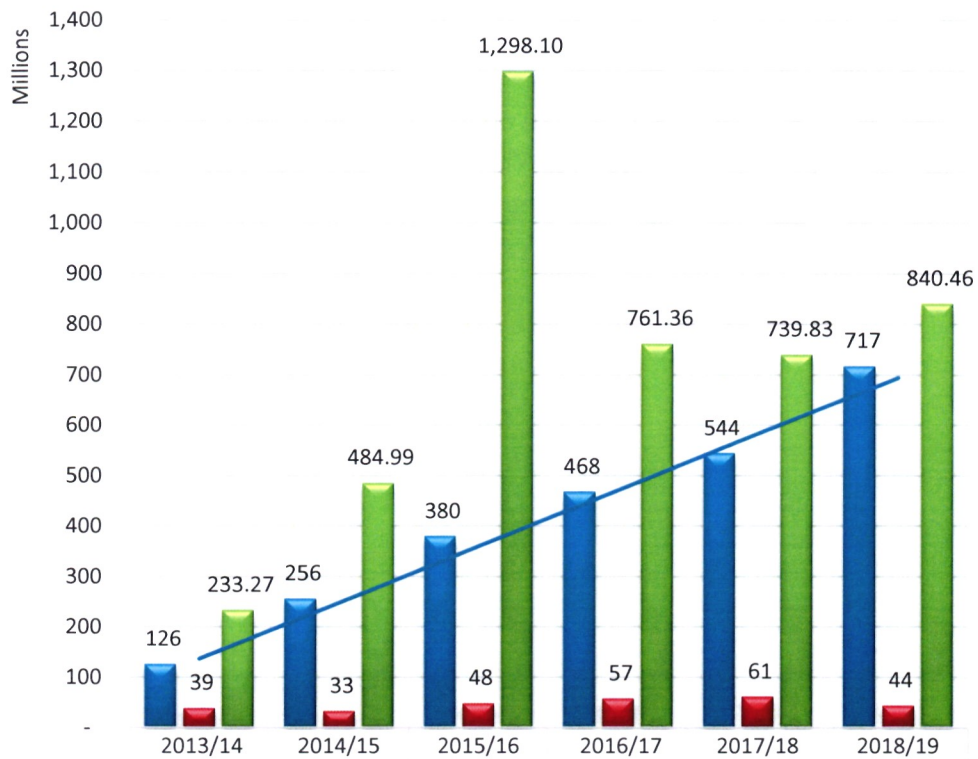
The GoK Grants contributed 63% of the total revenue for the Authority as compared with 45% in the last financial year. The internally generated revenue contributed 37 % from contractors’ application fees, registration fees, receipts from Contractors’ training workshops and investment income.

**c. Expenditure Trends**



The expenditure for the period under review increased by 19% as compared with the last financial year. This is attributable to staff re-categorization from PC 6A to PC 8A resulting to implementation of a new salary structure with salary increments and also growth in the Authority’s operations on the core mandate.

**d. Expenditure by Vote**



employee costs	125,815,628	255,938,574	379,524,747	467,694,991	543,915,901	716,784,752
board expenses	38,666,460	32,802,428	48,220,622	57,420,116	61,398,657	43,864,195
other operating costs	233,266,697.	484,992,251.	1,298,096,81	761,363,053.	739,830,688.	840,460,798.

The Authority’s employee costs accounts for 45% of the total expenditure for the period. The expenditure has grown over the years from KShs. 125 Million in the FY 2013/14 to KShs. 717 Million at the end of FY 2018/2019. This is attributed to the growth of staff complement from 5 to a total of 512 in 2012/2013 and 2018/2019 respectively. The current total work forces comprises of 288 permanent and long term contract employees, 224 short term contract employees comprising of interns, attachees and those deployed to all Huduma centers and regionals offices to provide various services across the country.

**ii. Regulation**

*i. Registration of Contractors*

Section 5(2)(d)(k) of NCA act No 41 of 2011, Mandates the Authority to prescribe the qualifications or other attributes required for accreditation of contractors, registration, and regulation of their professional undertakings .

Toward this end, The Authority has continued to improve on its systems with a view of streamlining the registration of contractors as one of its core mandate. The Authority has fully automated the processes for registration of contractors, renewal of the annual practicing license and all other processes related to contractor registration like appeals, applications for upgrades, trainings, etc. This in effect has increased the Authority’s efficiency by reducing the turn-around time and brought about with it positive impact on the ease of doing business in the country.

*Table 1: Registered Contractors (by Certificate) for FY 2018/2019*

Category	Classes of Works					Total
	Roads	Water	Buildings	Electrical	Mechanical	
<b>NCA1</b>	283	214	392	204	156	<b>1,249</b>
<b>NCA2</b>	252	144	339	64	62	<b>861</b>
<b>NCA3</b>	390	244	469	104	66	<b>1,273</b>
<b>NCA4</b>	1,375	938	1,423	278	170	<b>4,184</b>
<b>NCA5</b>	1,469	1,000	1,557	214	153	<b>4,393</b>
<b>NCA6</b>	2,491	1,488	2,546	298	163	<b>6,986</b>
<b>NCA7</b>	2,839	1,501	2,833	365	145	<b>7,683</b>
<b>NCA8</b>	4,987	3,200	5,484	539	234	<b>14,444</b>
<b>Total</b>	<b>14,086</b>	<b>8,729</b>	<b>15,043</b>	<b>2,066</b>	<b>1,149</b>	<b>41,073</b>

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

**i. Foreign Contractors**

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

Annual Reports and Financial Statements for the Year Ended June 30, 2019 for which registration is sought and transfer technical skills not available locally to a local person or firm.

The number of foreign contractors registered FY 2018/2019 was 33. The Authority undertakes to ensure that foreign contractors strictly adhere to the regulatory requirements that govern their professional undertakings in the Kenyan construction Industry in accordance to the NCA Act 2011 and Regulations 2014.

**ii. Accreditation of Skilled Workers and site supervisors**

Section 5(2) (i) of the National construction Authority Act No 41 of 2011, mandates the Authority to accredit and certify construction workers and construction site supervisors. The Authority has an ambitious plan in its strategic plan 2015-2020 to accredit and register 1.5 Million and 0.5 Million construction workers and site supervisors respectively. This is geared towards ensuring that the industry has qualified and competent manpower with the right mix of skills. In the FY 2018/2019 the Authority accredited 15,036 workers and 2,612 site supervisors in the construction industry across the different trades.

**iii. Training and Capacity Building**

The Authority conducted **116** training and capacity building programmes with a total participation of **20,198** contractors, construction works and site supervisors in the FY. 2018/2019.

**a. Construction Workers & Site Supervisors**

Under section 5(2)(i) of the National Authority Act No 41 of 2011 , The Authority is mandated to provide , promote , review , and co-ordinate training programs organized by public and private accredited training centers for skilled construction workers, construction site supervisors and contractors within the industry. To facilitate the training and capacity building function and offer Continuous Technical Development (CTD) programs, the Authority constituted a Taskforce in Training that: identified 59 different trades in the

industry, outlined the function skills sets of each trade, developed the occupational Standards for each trade and gave recommendations on the different competency levels to guide the review of the accreditation evaluation criteria. The recommendation from the Training & Capacity Building (T&CB) department is for the Taskforce Report to be adopted as The Occupational Standards (O.S) for Kenyan Construction Workers and Site Supervisors. The O.S will then guide the development of competency-based curriculums to be used in upskilling courses, practical skills trainings, supervisory and safety courses and apprenticeship programs conducted by the Authority. The training and capacity building programs for construction workers and site supervisors will mostly take place in collaboration with private and public accredited training institutions and with industry stakeholders.

During the period under review the Authority conducted **42** different CTD trainings across the country with a cumulative total of **10,259** construction workers and site supervisors in different trades across the country in different programs. A total of **7,171** construction workers and **3,088** site supervisors trained in the following programs; Artisan Induction Trainings, Competency-based Assessment, Exit Talks Forums, Practical Skills Trainings, Technical Trainings, Factory Tours and Product Tech Trainings.

The training of construction workers and site supervisors has a myriad of challenges with the key one being the lack of incentives for the workers and site supervisors to attend trainings and appreciate the value of accreditation. The Authority also lacks adequate financial resources and human resource to effectively conduct trainings at the sub-county and ward levels where it's easier to reach more workers.

**b. Contractors Training and Capacity Building**

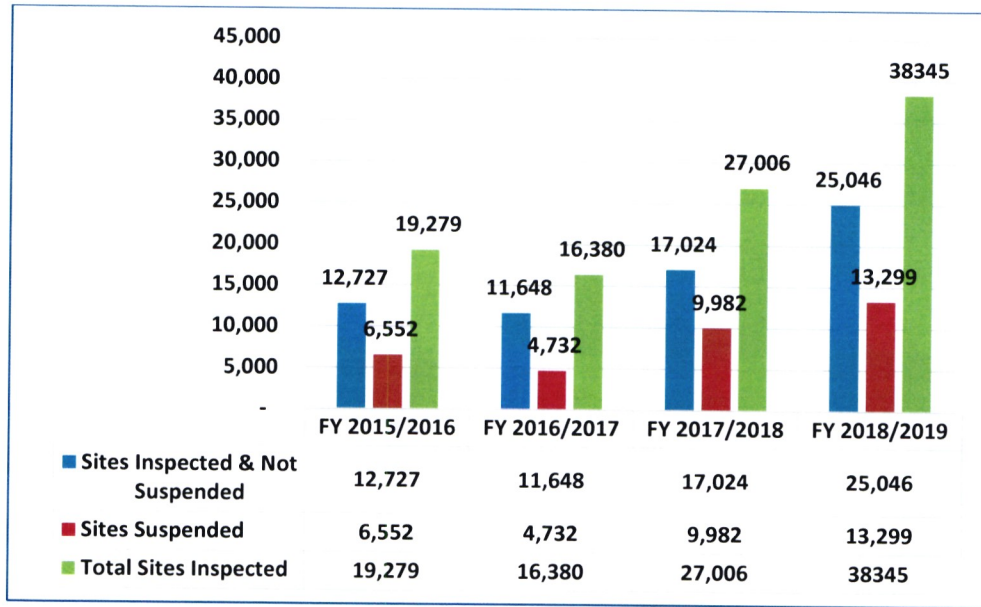
The Construction Authority Act 2011 mandates the Authority to train and build capacity of contractors across the country. The NCA regulations mandates the Authority to conduct Continuous Professional Development (CPD) programs for registered contractors to enable them qualify for annual renewal and to be considered for category upgrade. The Construction Industry Training Policy 2018 which has been reviewed from the previous NCA CPD Policy 2014 requires a registered contractors to acquire a **minimum of 10 CPD points** every year by attending NCA organized trainings or NCA accredited training programs offered by other industry institutions.

In the FY. 2018/2019, the Authority conducted **74** different CPD programmes across the country and trained **9,807 Contractors** in total. The different programs included the 2-day CPS seminars (with the highest participation at 4,620), the Accredited CPD Providers programs, Technical Trainings, Factory Tours and Product Tech. trainings, and collaborative CPD seminars with different industry stakeholders such as the National Building Inspectorate.

**iv. Quality Assurance and Compliance**

The Authority under Section 5(2) (g) of the NCA act 2011 is mandated to promote and ensure quality assurance in the construction industry. During the financial year, the Authority carried out site inspections across the country to ensure that the constructions going on comply with the set standards. The sites that were found not to be compliant were issued with suspension notices and suspended until they comply with the requirements. The figure below indicates the sites inspected within the financial year.

Figure: Inspected projects



During the period under review, the Authority managed to inspect a total of 38,345, construction sites against a target 30, 000 for this financial year which translates to 128 % of the target. Out of the total sites inspected, 13,299 were suspended due to non-compliance while 25,046 were found to be either inactive/stalled or compliant.

The projects registered comply with all the regulations regarding construction while the ones suspended did not comply with one or more of the regulations. The suspension notice issued to non-compliant sites is lifted once they comply with all statutory requirements as per the NCA Regulations 2014. The Authority focusses on seven attributes while carrying out the project compliance inspections. The highest percentage of the projects visited were found to be non-compliant with the major issues being site healthy and safety and absence of professionals.

**v. Service Delivery**

**a. Human Resource**

The Authority’s current approved staff establishment stands at 313 posts. Of this number, 288 positions are currently occupied by members of staff in various cadres. As required 60% of the total HR strength constitutes technical staff while

the rest offer support services. These officers have been deployed at the headquarters and in the 14 and 13 regional and liaison offices respectively across the country. The Board is in the process of filling the remaining positions both at managerial and operational levels upon receipt of the necessary approvals.

Additionally, the Authority in conjunction with the Huduma Kenya Secretariat has established NCA Huduma Desks in all the 52 Huduma Centers across the country. As a stop gap measure, 104 graduates have been trained and engaged to offer NCA services at the desks. However, these officers are currently engaged on short terms contracts. Plans are underway to convert these contracts into longer term ones owing to the superb performance exemplified at the desks since inception.

In keeping with the government policy and the spirit of providing opportunities for the youth, the Authority embarked on offering internship, apprenticeship and industrial attachment to fresh graduates and students respectively. In the FY 2018/19, and as per the Authority's performance contract requirements, the HR department engaged 30 graduates on internship and 10 others on apprenticeship for a period of one year. We also provided over 60 students with industrial attachment in different departments and regions.

#### ***b. Information Communication Technology (ICT)***

The Authority' ICT strategy has greatly transformed service delivery and improved efficiency. The Authority has in the financial year achieved the following:

- Implementation of a Service desk that has resulted to faster resolution of ICT issues.
- Acquisition of extra Backup storage which has resulted to an efficient running of the Authority's systems since testing of upgraded and newly developed system modules can now occur without interfering with the live production environment.
- Addition of new liaison offices (Wajir and Voi) to the Authority's Wide Area Network (WAN) bringing them under one network environment and cutting down on courier, telephone and other communication costs.

### ***c. Public Awareness and Sensitization Campaigns***

#### ***i). Stakeholder Engagement***

The Authority continuously engages stakeholders in order to promote understanding of its mandate and enhance compliance. In the year under review, the Authority organized regional stakeholder forums, meeting contractors, developers, county officials, government agencies and members of the public to discuss how individual efforts can be synergized for mutual benefit. The major forums were held in Narok, Eldoret, Kakamega, Isiolo and Marsabit counties, with smaller engagements all across the country. The stakeholder engagements have led to improved coordination with other government agencies (NEMA, Police, Counties, etc) during the construction site compliance checks.

A media sensitization workshop was also held during the year, as members of the press remain a critical agent of sensitization for the Authority.

#### ***ii). Resolution of Public Complaints***

The Authority, as part of the requirements under its performance contract, has developed a complaints handling mechanism and maintains complaints register. In the last four years, the Authority has consistently been awarded a score of “very good” by the Commission on Administrative Justice. The Authority scored 97% during the current year which goes a long in confirming the Authority’s commitment to “Excellence in Construction”. This performance also enhanced the Authority’s brand value.

### ***d. Corporate Social Responsibility and Donations***

The Authority has developed a comprehensive policy governing its CSR and Donations activities, playing its role in developing and uplifting the community. This year, the Authority initiated the NCA Ujenzi Clubs in secondary schools in order to promote quality assurance in construction from an early age.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Statement**

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

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

Section 7 of the National construction Authority Act No 41 of 2011 prescribes the manner in which the Board of NCA shall be constituted. The affairs of the Authority are managed by an independent Board comprising of independent Members appointed from the private sector and representatives of the Government. The Board is keen on reviewing the overall framework of the internal controls and the assessment of management process and the adoption of the appropriate policies, regulations and codes of ethics. It is also responsible for ensuring that the Authority complies with the law and highest standards of the corporate and business ethics.

The chairperson of the Board is an independent member. The powers of the Chairman and those of the Executive Director are clearly stipulated and there is no conflict of interest or roles and responsibilities. The Executive Director is in

charge of the day-to-day operations of the Authority while the Board provides the strategic and policy direction of the Authority.

### **Board and Committee Meetings**

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

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

### **Board Committees**

In order to discharge its mandates and responsibilities effectively, the Board has delegated certain tasks to its Committees with a specific mandate. This has been done in line with the principles of corporate governance, Mwongozo code of Conduct for State Corporations and the second Schedule of the National Construction Authority.

The Board has four committees with specific mandate in line with its charter. The Board considered the professional qualifications, skills and competence in selection of the committee members. The provisions of the Mwongozo code of governance for state corporations was also taken into account in the composition and number of committees. The Board held a total of five (6) ordinary meetings, four (4) special meetings and various committee meeting within the year.

*Table 2: Board and Committee Attendance*

No	Name	Full Board		Special Board		HRC		Technical		BARGC		FAD	
		Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
1	Prof. Godrick Bulitia	5	5	5	4	6	5	N/A	N/A	N/A	N/A	6	5
2	Eng. Jane Mutulili	5	6	5	3	N/A	N/A	6	4	N/A	N/A	6	6
3	F.A. Susan Karanja	5	5	5	2	N/A	N/A	N/A	N/A	6	4	6	6
4	Arch. Waweru Gathecha	5	6	5	3	N/A	N/A	6	4	N/A	N/A	6	6
5	Kirpal Suri	5	6	5	3	N/A	N/A	6	4	N/A	N/A	6	6
6	Eng. Zipporah Rotich	5	5	5	3	6	4	N/A	N/A	N/A	N/A	6	6
7	Arch. Jackson Kafuna	5	6	5	3	N/A	N/A	6	3	6	4	N/A	N/A
8	Eng. Stephen Kogi	5	6	5	3	6	6	6	4	N/A	N/A	N/A	N/A
9	Q.s. David Gaitho	5	6	5	4	6	6	6	4	N/A	N/A	N/A	N/A
10	Arch. Makenzi Kiilu	5	2	5	2	N/A	N/A	6	2	6	2	N/A	N/A
11	Adv. Elizabeth Mvoi	5	6	5	3	6	6	N/A	N/A	6	4	N/A	N/A
12	Ken Luusa	5	6	5	3	6	3	N/A	N/A	6	4	N/A	N/A
13	Eng. Maurice Owiti	5	5	5	3	6	6	N/A	N/A			N/A	N/A

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

### **Finance, Administration & Development (FAD)**

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

Authority's corporate strategy, corporate communications, information technology and communication and legal.

#### Members

1. Eng. Zipporah Rotich - Chair
2. Eng. Jane Mutulili
3. F.A. Susan Karanja
4. Arch. Waweru Gathecha
5. Prof Godrick Bilitia
6. Kirpal Suri

#### **Technical Committee.**

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

#### Members

1. Eng. Jane Mutulili- Chair
2. Arch. Waweru Gathecha
3. Arch. Jackson Kafuna
4. Eng. Stephen Kogi
5. Q.s. David Gaitho
6. Kirpal Suri
7. Arch. Makenzi Kiilu

### **Human Resource Committee**

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

#### Members

1. Ms. Elizabeth Mvoi - Chair
2. Prof. Godrick Bilitia
3. Eng. Maurice Owiti
4. Ken Luusa
5. Eng. Stephen Kogi
6. Eng. Zipporah Rotich
7. Qs. David Gaitho

### **Board Audit, Risk & Governance Committee**

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

#### Members

1. Eng. Maurice Owiti - Chair
2. Arch. Jackson Kafuna
3. Arch. Makenzi Kiilu
4. Ken Luusa
5. Ms. Elizabeth Mvoi
6. FA. Susan Karanja

## **RISK MANAGEMENT**

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

The implementation of the Enterprise Risk Management (ERM) framework has ensured that the Authority develops a common platform for risk identification, measurement and management. The ERM framework that has been developed includes a component on governance, which provides for the guidelines on responsibilities for taking, managing, monitoring and reporting risks.

The Authority recognizes four major categories of risk which are:

- i. Regulatory/Compliance Risk –Risks arising from failure of regulated industry players to conform to NCA laws, rules, and regulations and prescribed practices (“regulatory requirements”).
- ii. Strategic Risk – This is defined as the risk of
  - a. Choosing and continuing to follow sub optimal strategies to meet objectives;
  - b. Not executing the strategies successfully; and,
  - c. Changing the business as usual risks differently from expected.
- iii. Financial Risk – The financial risks that the Authority has identified includes
  - a. Credit Risk: The risk of loss from a counterparty not meeting their obligations as they fall due;
  - b. Liquidity Risk: The risk of not being able to transact in a market either at all or at a significant cost; and ,
- iv. Operational Risk – These are defined as the inherent risks within the Authority's operational processes. They include people/compliance/information security risk /fraud/regulatory/legal risks. They relate to the risk of loss from inadequate failed processes, people, systems or external events. This also includes, but is not limited to, business continuity and disaster recovery, corporate governance, security, fraud and IT risks.

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

- i. annual risk reviews;
- ii. staff education and sensitization;
- iii. authorization levels; and
- iv. Entrenching risks management culture.

**REPORT OF THE BOARD MEMBERS**

The Board Members submit their report together with the financial statements for the year ended June 30<sup>th</sup>, 2019 which show the state of the National Construction Authority affairs.

**Principal Activities**

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

**Results**

The results of the National Construction Authority for the year ended June 30<sup>th</sup> 2019 are set out on page 1 to 30.

**Board Members**

The members of the Board who served during the year are shown on page vii to xviii.

**Auditors**

The Auditor General is responsible for the statutory audit of the National Construction Authority in accordance with the Section 68(2) (k) of the Public Finance Management (PFM) Act, 2012.

By Order of the Board

**Eng. Maurice Akech**

**Executive Director/Secretary to the Board**

Date.....

**STATEMENT OF THE BOARD MEMBERS' RESPONSIBILITIES**

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

The Board is responsible for the preparation and presentation of the Authority financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2019.

This responsibility includes:

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

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

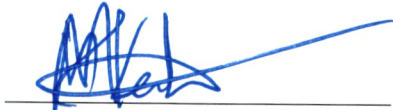
opinion that the Authority's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30<sup>th</sup>, 2019, and of the its financial position as at that date. The Board further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

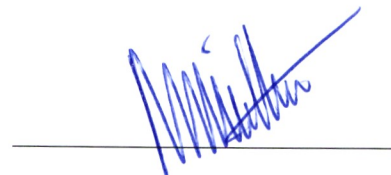
The Authority's financial statements were approved by the Board on ..... September 2019 and signed on its behalf by:

**Signed: -**



***Eng. Maurice Akech***  
***Executive Director/  
Secretary to the Board***

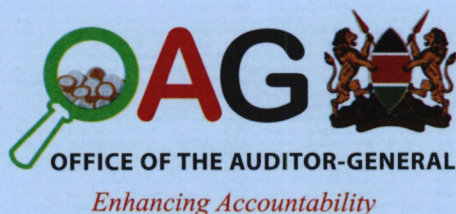
**Signed:-**



***Qs. David Gaithe***  
***Chairperson of the  
Board***

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL CONSTRUCTION AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of the National Construction Authority set out on pages 1 to 28, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, the statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Construction Authority as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the National Construction Authority Act, No. 41 of 2011 of the Laws of Kenya.

#### **Basis for Qualified Opinion**

##### **Long Outstanding Receivables**

As disclosed in Note 16 to the financial statements, the statement of financial position reflects a receivables balance of Kshs.1,540,181,673 (2018 Kshs.1,486,219,697) which includes debtors amounting to Kshs.1,538,084,940 that have been outstanding for more than three (3) years. Further, the long outstanding debtors balance of Kshs.1,538,084,940 includes an amount of Kshs.1,081,817,245 owed by various County Governments and National Government institutions. Management has initiated various strategies to collect the outstanding debts including issuing demand notices and engaging debt collection agencies. Management is also engaging The National Treasury and the Council of Governors on debts owed by the National Government, National Government Entities and County Governments. In addition, and although a provision for bad and doubtful debts of Kshs.638,902,185 has been made in the

financial statements for the last two years, the basis for the provision has not been provided.

Under the circumstance, the recoverability of the receivables balance of Kshs.1,540,181,673 as at 30 June, 2019 could not be confirmed.

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

### **Key Audit Matters**

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

## **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, I confirm that, nothing 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**

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

## **Basis for Conclusion**

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 control, 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Authority or to cease operations.

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

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

The Directors are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Authority monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to

modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**25 November, 2020**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2019**

	<u>Note</u>	<u>2018/19</u> <u>KShs.</u>	<u>2017/18</u> <u>KShs.</u>
<b><u>INCOME</u></b>			
Revenue from Non- Exchange Transactions	5	1,812,208,289	1,449,512,195
Revenue from Exchange Transactions	6	54,828,963	74,393,335
<b>Total Income</b>		<b><u>1,867,037,252</u></b>	<b><u>1,523,905,530</u></b>
<b><u>RECURRENT EXPENDITURE</u></b>			
Employee Costs	7	716,784,752	543,915,901
Board Expenses	8	43,864,195	61,398,657
Communication	9	28,260,740	25,565,098
Travelling and Accommodation	10	144,299,493	74,385,384
Advertising and Public Relations	11	37,809,924	47,761,353
Insurance Costs	12	61,183,944	56,235,587
Other Operating Expenses	13	509,600,373	424,066,338
Depreciation	19	58,385,003	104,205,165
Taxes	14	921,321	7,611,764
<b>Total Expenditure</b>		<b><u>1,601,109,745</u></b>	<b><u>1,345,145,247</u></b>
<b>Surplus/(Deficit) for the period</b>		<b><u>265,927,507</u></b>	<b><u>178,760,283</u></b>

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30<sup>TH</sup> JUNE, 2019**

	Note	2018/19 <u>KShs.</u>	Restated 2017/18 <u>KShs.</u>
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Receivables	16	1,540,181,673	1,486,219,697
Investments	17	692,796,612	695,043,806
Cash & Cash Equivalents	18	541,096,007	334,181,171
		<b>2,774,074,292</b>	<b>2,515,444,673</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	19	129,471,142	162,899,459
Intangible Assets	20	173,514,481	168,814,481
		<b>302,985,623</b>	<b>331,713,940</b>
<b>TOTAL ASSETS</b>		<b>3,077,059,915</b>	<b>2,847,158,614</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade Payables & Accruals	21	102,032,808	123,327,738
<b>Total Current Liabilities</b>		<b>102,032,808</b>	<b>123,327,738</b>
<b>NET ASSETS</b>		<b>2,975,027,106</b>	<b>2,723,830,876</b>
<b><u>RESERVES</u></b>			
Reserve		20,000,000	20,000,000
Accumulated Surplus		2,955,027,106	2,703,830,876
<b>TOTAL RESERVES</b>		<b>2,975,027,106</b>	<b>2,723,830,876</b>

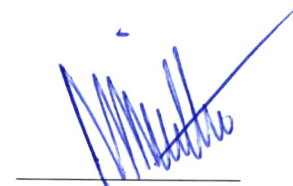
The financial statements set out on pages 1 to 5 were approved by the Board on the ..... September 2019, and signed on its behalf by;



Eng. Maurice Akech  
**Executive Director**



Ms. Christine Kirimi  
**Manager Finance**  
**ICPAK No. 5512**



Qs. David Gaitho  
**Chairperson of the Board**

**STATEMENT OF CHANGES IN NET ASSETS  
FOR YEAR ENDED 30<sup>TH</sup> JUNE, 2019**

	Note	Accumulated Surplus KShs	Revenue Reserves KShs	Totals KShs
<b>As at 1<sup>st</sup> July, 2017</b>		2,525,070,593	-	2,525,070,593
Surplus for the year		178,760,283	-	178,760,283
Capital Grants		-	20,000,000	20,000,000
<b>As at 30<sup>th</sup> June, 2018</b>		<b>2,703,830,876</b>	<b>20,000,000</b>	<b>2,723,830,876</b>
As Restated				
Prior year adjustments	23	12,553,144		12,553,144
Surplus Remittance		(27,284,420)		(27,284,420)
<b>As Restated</b>		<b>2,689,099,600</b>	<b>20,000,000</b>	<b>2,709,099,600</b>
<b>As at 1<sup>st</sup> July, 2018</b>		2,689,099,600	20,000,000	2,709,099,600
Surplus/(Deficit) for the year		265,927,507		265,927,507
Capital Grants			-	-
<b>As at 30<sup>th</sup> June, 2019</b>		<b>2,955,027,106</b>	<b>20,000,000</b>	<b>2,975,027,106</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2019**

	Note	2018/19 <u>KShs.</u>	2017/18 <u>KShs.</u>
<b>OPERATING ACTIVITIES</b>			
Surplus/ (Deficit) generated from operating activities		265,927,507	178,760,283
<b>Adjustments:-</b>			
Interest Income	6(ii)	(33,017,512)	(64,408,208)
Depreciation	19	58,385,003	104,205,165
<b>Operating income before working capital changes</b>		<b>291,294,997</b>	<b>218,557,240</b>
<b>Movements in Working Capital</b>			
Decrease/ (Increase) in Debtors.	16	(53,538,328)	(156,811,647)
Increase/(Decrease) in Trade & Other Payables	21	(21,294,929)	(195,768,292)
<b>Net Change in working Capital</b>		<b>(74,833,258)</b>	<b>(352,579,939)</b>
<b>Net Cash(used by)/from operating activities</b>		<b>216,461,739</b>	<b>(134,022,699)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of other Non-Current Assets	19	(29,656,685)	(23,229,413)
Proceeds from Investments	17	695,043,806	427,828,070
Investments		(692,796,612)	(695,043,806)
Interest Income Received	22	32,593,865	50,894,150
<b>Net Cash used in Investing activities</b>		<b>5,184,373</b>	<b>(239,550,999)</b>
<b>FINANCING ACTIVITIES</b>			
Prior Year Adjustments	23	12,553,144	378,838
Surplus Remittance		(27,284,420)	(13,642,310)
<b>Net Cash From Financing Activities</b>		<b>(14,731,276)</b>	<b>(13,263,472)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>		<b>206,914,837</b>	<b>(386,837,170)</b>
<i>Cash and Cash Equivalents at the beginning of the year</i>		334,181,171	721,018,341
<b>Cash and Cash Equivalents at the end of the year</b>	18	<b>541,096,007</b>	<b>334,181,171</b>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR 2018/2019**

	<b>BUDGET "Ksh 000"</b>	<b>ACTUAL "Ksh 000"</b>	<b>VARIANCE Ksh"000"</b>
GoK Recurrent Grants	1,230,000	1,164,975	(65,025)
		-	
Contractors Application	30,000	52,217	22,217
Contractors Registration	539,804	539,084	(720)
		-	
Conferences and Workshops	82,000	64,645	(17,355)
Registration of Workers	5,000	347	(4,653)
Consultancy	5,900	2,440	(3,460)
Investment Income	30,000	33,018	3,018
Miscellaneous revenue	10,100	10,312	212
<b>Total Income</b>	<b>1,932,804</b>	<b>1,867,037</b>	<b>(65,767)</b>
<b><u>RECURRENT EXPENDITURE</u></b>			
Salaries and wages	669,868	593,874	(75,994)
Training Expenses	72,600	72,433	(167)
Employer Payroll Contribution	74,552	50,478	(24,074)
Board Expenses	47,724	43,864	(3,860)
Contracted Services	22,000	20,056	(1,944)
Utilities Supplies & Services	6,500	4,201	(2,299)
Communication, Supply, Services	28,600	28,261	(339)
Domestic Travel & Subsistence	102,620	98,833	(3,787)
Foreign Travel & Substs Costs	46,500	45,467	(1,033)
Public Relations and Advertising	38,250	37,810	(440)
Rental Of Produced Assets	57,891	48,656	(9,235)
Staff Welfare & Hospitality	26,500	25,767	(733)
Insurance Costs	61,500	61,184	(316)
Training, Research & Cap. Building	224,798	224,442	(356)
Office & Gen. Supply & Services	71,450	70,488	(962)
Motor Vehicle Expenses	30,400	30,381	(19)
Professional Fees	36,000	35,146	(854)
Other Operating Expenses	34,500	33,835	(665)
Repairs and Maintenance	17,500	16,628	(872)
Depreciation	83,071	58,385	(24,686)
Taxes		921	921
<b>Total Expenditure</b>	<b>1,752,824</b>	<b>1,601,110</b>	<b>(151,714)</b>
			-
<b>Surplus/(Deficit)</b>	<b>179,980</b>	<b>265,928</b>	<b>85,947</b>

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019

### 1. Statement of compliance and basis of preparation – IPSAS 1

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

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

### 2. Adoption Of New And Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 39: Employee Benefits	<p>Applicable: 1st January 2018</p> <p>The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p> <p>Impact of the standard to the Authority: - The Authority maintains a defined contributory pension plan for all its permanent staff and it is obligated by the standard to recognize, measure and disclose information relating to employee benefit plans</p>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019  
(Cont'd)**

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019:  The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**3. Early adoption of standards**

The Authority did not adopt any new or amended standards in year 2018-2019.

**4. Summary of Accounting Policies**

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

**a) Revenue recognition**

***i. Revenue from non-exchange transactions – IPSAS 23***

The Authority recognizes revenues from application and registration of contractors and skilled workers, conference fees when the contractors submit their applications and register. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

The non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019 (Cont'd)**

Transfers/Grants from Government and other Entities

Revenues from non-exchange transactions with the government and other 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 entity and can be measured reliably.

### **ii. Revenue from exchange transactions – IPSAS 9**

#### ***Rendering of services***

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

#### ***Interest income***

The Authority invests funds that are not in immediate use in Fixed Deposit Receipt accounts with Government approved financial institutions and other Government approved investments that do not expose the Authority to any financial risks. The interest income is accrued using the effective yield method. The method applies this yield to the principal outstanding to determine interest income each period.

### **b) Budget Information – IPSAS 24**

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is

prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Statement of budget comparison of these financial statements.

**c) Cash and Cash Equivalents**

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

**d) Property, Plant and Equipment – IPSAS 17**

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 Authority 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.

**e) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**f) Depreciation Policy**

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

The annual depreciation rates in use are: -

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

**g) Provisions – IPSAS 19**

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **h) Contingent liabilities**

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

#### **i) Contingent assets**

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

#### **j) Employee benefits -Retirement benefit plans**

The Authority provides a contributory retirement benefits for its employees. This defined contributory plan is a post-employment benefit plan under which the Authority pays fixed contributions of 15% while the employee contributes 7.5% on basic pay. The total amount is paid the fund account managed by Gen-Africa Asset Managers ltd (Fund manager). The Authority have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service

in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**k) Foreign currency transactions – IPSAS 4**

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

**l) Related parties**

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

**m) Comparatives**

Where necessary comparative figures for the previous financial year 2017/2018 have been amended or reconfigured to conform to the required changes in presentation.

**n) 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, 2019.

## 5. Revenue from Non- Exchange Transactions

The Authority's major sources of income are from non-exchange transactions comprising of GoK grants, fees charged for registration of contractors, conference and workshops and registration of workers.

		<b>2018/19</b>	<b>2017/18</b>
		<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
GoK Recurrent Grants	5 (i)	1,164,975,000	686,060,752
Contractors Application	5 (ii)	52,216,677	61,361,743
Contractors Registration	5 (iii)	530,024,570	656,292,250
Construction Levy	5 (iv)	-	606,450
Conferences and Workshops	5 (v)	64,644,993	45,191,000
Registration of Workers	5 (vi)	347,050	-
<b>Total Income</b>		<b><u>1,812,208,289</u></b>	<b><u>1,449,512,195</u></b>

### i. GoK Recurrent Grants –Transfers from Ministries , departments and other Agencies

The Authority receives budgetary support from the Government in the form of recurrent grants through the state department of Housing and Urban Development.

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognized in capital fund	2018/2019 Total grant income during the year	2017-2018
			KShs	KShs	KShs
State Department of Public Work				1,164,975,000	686,060,752
<b>Total</b>	1,164,975,000			1,164,975,000	686,060,752

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**  
**(Cont'd)**

**ii. Contractors Application Fees**

The Authority is mandated to register and regulate the conduct of all contractors both foreign and local. The contractors are required to make an application to the Authority in the prescribed form and pay Kshs. 5,000.00 for local contractors and US \$ 500.00 for foreign contractors as application fees. The application is subjected to an evaluation and rated based on the provided criteria to inform the category and class of registration.

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Contractors Application Fee	52,216,677	61,361,743
	<b><u>52,216,677</u></b>	<b><u>61,361,743</u></b>

**iii. Contractors Registration Fees**

The Authority registers contractors in different classes and categories depending on their qualifications and experiences. The categories of registration ranges from NCA 1 being the highest to NCA 8 being the lowest with the registration fees ranging from KShs 100,000.00 to KShs 5,000.00. The registration certificate issued is valid for a period of 3 years and renewable every year.

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Contractors Registration Fees	530,024,570	656,292,250
	<b><u>530,024,570</u></b>	<b><u>656,292,250</u></b>

**iv. Construction Levy**

It is a statutory obligation for all developers to register their projects with the Authority in line with the NCA Act and the regulations. The Authority used to charge 0.5% of the projects contract sum as construction levy which was payable before issuance of the construction project compliance certificate. The Authority started charging the levy for projects commenced on 1<sup>st</sup> July 2014 with the approval of the NCA Regulations in September 2014.

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Construction Levy	-	606,450
	<b><u>-</u></b>	<b><u>606,450</u></b>

**v. Conferences & Workshops**

The Authority carries out training and capacity building workshops and seminars for the contractors and construction workers. The contractor pays for the training while the Authority subsidizes the training cost using other internally generated revenues.

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Conferences & Workshops	64,644,993	45,191,000
	<b><u>64,644,993</u></b>	<b><u>45,191,000</u></b>

**vi. Registration of Workers**

The Authority is mandated to register all construction workers and site supervisors. The skilled workers and site supervisors are required to make the application in the prescribed form and make a payment of KShs. 1,000.00 and KShs 2,000.00 respectively

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Registration of Workers	347,050.00	-
	<b><u>347,050.00</u></b>	<b><u>-</u></b>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019  
(Cont'd)**

**6. Revenue from Exchange Transactions**

		<b>2018/19</b>	<b>2017/18</b>
		<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Consultancy	6 (i)	2,439,950	-
Investment Income	6 (ii)	33,017,512	64,408,208
Miscellaneous revenue	6(iii)	<u>19,371,500</u>	<u>9,985,127</u>
Total Income		<b><u>54,828,963</u></b>	<b><u>74,393,335</u></b>

**i. Consultancy**

In line with its strategic plan on resource mobilization, the Authority identified specialized consultancy as one of the areas for diversification for revenue generation.

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Consultancy	<u>2,439,950.00</u>	<u>-</u>
	<b><u>2,439,950.00</u></b>	<b><u>-</u></b>

**ii. Interest Income**

During the year funds not in immediate use were invested in fixed deposits with varying dates of maturity. The interest rates applied on the principal invested varied depending on the market rate.

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Interest from FDR	10,788,798	52,355,224
Interest from Treasury Bills	<u>22,228,714</u>	<u>12,052,984</u>
	<b><u>33,017,512</u></b>	<b><u>64,408,208</u></b>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**  
**(Cont'd)**

**iii. Miscellaneous Revenue**

The miscellaneous revenue consists of the following items

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Tender	-	4,000
Sponsorship	4,559,576	-
Upgrade Fees	9,059,680	8,501,203
Other incomes	5,752,245	1,479,924
	<b><u>19,371,500</u></b>	<b><u>9,985,127</u></b>

**7. Employee Costs**

The employees costs comprises of the following

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Salaries & Wages	593,873,824	466,623,705
Employer Pensions	46,456,336	38,456,697
Training and Capacity Building	72,432,901	36,687,666
Provision for Gratuity (Note 15)	4,021,692	2,147,833
	<b><u>716,784,752</u></b>	<b><u>543,915,901</u></b>

**8. Board Expenses**

The Board expenses for the year were as stated below

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Allowances and Honoraria	14,172,203	22,114,000
Travel & Accommodation	21,575,122	23,098,555
Training Expenses	8,116,871	6,265,877
Executive Remuneration	-	8,130,000
Medical expenses	-	1,790,225
	<b><u>43,864,195</u></b>	<b><u>61,398,657</u></b>

**Note:** The Executive Director in the period under review was on acting capacity and his salary is captured under the salaries and wages under employee costs.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**  
**(Cont'd)**

**9. Communication**

Communication expenses relates to telephone, courier and internet connections services

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Telephone & Mobile	15,636,492	14,121,480
Internet Connections	12,370,742	10,962,072
Courier and Postage	253,505	481,545
	<b><u>28,260,740</u></b>	<b><u>25,565,098</u></b>

**10. Travelling and Accommodation**

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Domestic Travel & Subsistence	98,832,756	55,697,688
Foreign Travel & Subsistence	45,466,737	18,687,696
	<b><u>144,299,493</u></b>	<b><u>74,385,384</u></b>

**11. Advertising and Public relations**

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Publishing & printing	13,547,520	12,395,480
Advertising, Awareness & Pub.	21,478,783	33,409,667
Trade Shows and Exhibitions	162,000	1,434,406
Corporate Social Responsibility	1,882,000	-
Photography & Production	163,300	353,800
Donations and Sponsorship	576,321	168,000
	<b><u>37,809,924</u></b>	<b><u>47,761,353</u></b>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019  
(Cont'd)**

**12. Insurance Costs**

	2018/19	2017/18
	<u>KShs.</u>	<u>KShs.</u>
Group Personal Insurance-Life	-	998,717
Fire and other perils	503,648	698,172
Motor vehicle insurance	5,878,831	5,529,380
Medical Insurance	51,118,338	46,825,286
GPA & WIBA	3,683,127	2,184,032
	<u><b>61,183,944</b></u>	<u><b>56,235,587</b></u>

**13. Other Operating Expenses**

	2018/19	2017/18
	<u>KShs.</u>	<u>KShs.</u>
Contracted Services	20,056,374	19,069,867
Utilities Supplies & Services	4,201,268	2,347,706
Rent	48,655,807	45,201,423
Staff Welfare & Hospitality	25,767,078	25,205,859
Contractors Training and Cap. Building	224,442,050	214,544,758
Office & Gen. Supply & Services	70,488,032	52,615,391
Motor Vehicle Expenses	30,380,870	29,566,294
Professional Fees	35,146,074	9,362,674
Other Operating Expenses	33,835,046	19,446,098
Repairs and Maintenance	16,627,774	6,706,270
	<u><b>509,600,373</b></u>	<u><b>424,066,338</b></u>

**14. Taxes**

The taxes paid out by the Authority relates to the withholding tax on fixed deposits and tax expense on bank charges.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**  
**(Cont'd)**

**15. Provisions/Accruals**

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

	<b>Gratuity</b>	<b>Bad Debts</b>	<b>Operating Expenses</b>	<b>Totals</b>
	<b>KShs</b>			<b>KShs</b>
<b>As at 1st July 2018</b>	22,658,608	638,902,185		661,560,793
Provision for the year	4,021,692		43,677,372	47,699,064
Adjustments				-
<b><u>Payments/Transfers</u></b>				
Payments during the year	(21,288,589)			(21,288,589)
<b>As at 30th June 2019</b>	<b>5,391,711</b>	<b>638,902,185</b>	<b>43,677,372</b>	<b>687,971,268</b>

The Authority has various members of staff on contract basis, this number include the General Manager – research, business development and capacity Building, the General Manager Corporate services. The employees on contract are entitled to gratuity payment at the rate of 31% of the basic pay on successful completion of their terms.

The policy of the Authority is to make a general provision for bad and doubtful debts at the rate of 9% of the trade receivables. The management has not made additional provision for bad and doubtful debts for the period under review.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**  
**(Cont'd)**

**16. Receivables**

	<b>2018/19</b>	<b>Restated 2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
(i) Receivables		
Deposits	705,000	705,000
Debtors	1,797,846,646	1,795,123,766
Less: Provision for Bad Debts	(638,902,185)	(638,902,185)
Salary Advance	2,188,336	3,141,804
Outstanding Imprests	2,349,879	1,448,331
Prepayments	49,534,020	41,191,945
Sundry Debtors	7,110,800	-
	<b><u>1,220,832,497</u></b>	<b><u>1,202,708,661</u></b>
(ii) Accrued Income		
	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Interest Income	23,651,283	23,227,635
eCitizen payments	17,661,887	39,942,705
Grants from GoK	18,000,000	-
	<b><u>59,313,170</u></b>	<b><u>63,170,341</u></b>
(ii) Staff Schemes		
Mortgages	231,891,364	198,496,060
Car Loan	28,144,643	21,844,635
	<b><u>260,036,006</u></b>	<b><u>220,340,695</u></b>
	<b><u>1,540,181,673</u></b>	<b><u>1,486,219,697</u></b>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019  
(Cont'd)**

**17. Investments**

The Authority invested funds not in immediate use both in Commercial Bank of Africa and Central Bank as follows. The investments as at 30<sup>th</sup> June 2019 were as follows

	<b>2018/19</b>	<b>2017/18</b>
	<u><b>KShs.</b></u>	<u><b>KShs.</b></u>
Fixed Deposit Receipt Account (KShs)	144,542,448	391,675,591
Treasury Bills	531,910,300	288,024,350
Fixed Deposit Receipt Account (USD)	11,343,864	11,343,864
Call Accounts	5,000,000	4,000,000
	<u><b>692,796,612</b></u>	<u><b>695,043,806</b></u>

**18. Cash and Cash Equivalents**

Cash and cash equivalents as at the close of the year were;

	<b>2018/19</b>	<b>2017/18</b>
	<u><b>KShs.</b></u>	<u><b>KShs.</b></u>
KCB - Operations	255,644,910	2,963,675
KCB - Staff Mortgage Scheme	120,012,002	103,407,305
CBA - Operations	4,897,422	34,307,982
CBA - Levy	15,499,830	15,393,980
CBA - USD	94,594,635	85,897,811
Consolidated Bank	8,812	8,812
Co-operative Bank	27,611,636	59,659,780
Cash at hand	110,200	205,256
Consolidated Bank	22,716,561	29,016,569
Transit Account	-	3,320,000
	<u><b>541,096,007</b></u>	<u><b>334,181,171</b></u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**  
**(Cont'd)**

**19. Property, Plant and Equipment**

	Office Equipment	Computer Equipment & Access	Furniture & Fittings	Motor Vehicles	Total
<i>Rate</i>	13%	33%	12.50%	25%	-
	KShs	KShs	KShs	KShs	KShs
<b>Cost</b>					
<i>As At 01.07.2018</i>	19,633,067	155,318,212	180,297,878	192,267,063	547,516,220
<i>Adjustment</i>	-	-	-	-	-
<i>Additions</i>	635,200	10,171,320	2,410,165	11,740,000	24,956,685
<i>Disposals</i>	-	-	-	-	-
<b><i>As At 30.06.2019</i></b>	<b>20,268,267</b>	<b>165,489,532</b>	<b>182,708,043</b>	<b>204,007,063</b>	<b>572,472,905</b>
<b>Depreciation</b>					
<i>As At 01.07.2018</i>	11,934,998	142,839,350	71,198,816	158,643,596	384,616,760
<i>Period Charge</i>	1,315,742	13,355,792	22,490,921	21,222,548	58,385,003
<i>Write off</i>	-	-	-	-	-
<i>Disposal</i>	-	-	-	-	-
<b><i>As At 30.06.2019</i></b>	<b>13,250,741</b>	<b>156,195,141</b>	<b>93,689,737</b>	<b>179,866,144</b>	<b>443,001,763</b>
<b>Net Book Value</b>					
<b><i>As At 30.06.2019</i></b>	<b>7,017,526</b>	<b>9,294,390</b>	<b>89,018,306</b>	<b>24,140,919</b>	<b>129,471,142</b>
<b><i>As At 30.06.2018</i></b>	<b>7,698,069</b>	<b>12,478,862</b>	<b>109,099,062</b>	<b>33,623,466</b>	<b>162,899,459</b>

	Office Equipment	Computer Equipment & Access	Furniture & Fittings	Motor Vehicles	Total
<i>Rate</i>	<i>13%</i>	<i>33%</i>	<i>12.50%</i>	<i>25%</i>	-
	KShs	KShs	KShs	KShs	KShs
<b>Cost</b>					
<i>As At 01.07.2017</i>	19,633,067	147,073,726	178,914,299	192,267,063	<b>537,888,155</b>
<i>Adjustment</i>	-	-	-	-	-
<i>Additions</i>	-	8,244,486	1,383,579	-	<b>9,628,065</b>
<i>Disposals</i>	-	-	-	-	-
<b>As At 30.06.2018</b>	<b>19,633,067</b>	<b>155,318,212</b>	<b>180,297,878</b>	<b>192,267,063</b>	<b>547,516,220</b>
<b>Depreciation</b>					
<i>As At 01.07.2017</i>	9,769,044	106,718,190	48,904,949	115,019,412	<b>280,411,595</b>
<i>Period Charge</i>	2,165,954	36,121,160	22,293,868	43,624,184	<b>104,205,165</b>
<i>Write off</i>	-	-	-	-	-
<i>Disposal</i>	-	-	-	-	-
<b>As At 30.06.2018</b>	<b>11,934,998</b>	<b>142,839,350</b>	<b>71,198,816</b>	<b>158,643,596</b>	<b>384,616,760</b>
<b>Net Book Value</b>					
<b>As At 30.06.2018</b>	<b>7,698,069</b>	<b>12,478,862</b>	<b>109,099,062</b>	<b>33,623,466</b>	<b>162,899,459</b>
<b>As At 30.06.2017</b>	<b>9,864,023</b>	<b>40,355,536</b>	<b>130,009,351</b>	<b>77,247,650</b>	<b>257,476,559</b>

## 20. Intangibles

### As at 30.06.19

	Software
<i>Rate</i>	<i>30%</i>
	<b>KShs</b>
<b>Cost</b>	
<i>As At 01.07.2018</i>	169,505,691
<i>Adjustment</i>	-
<i>Additions</i>	4,700,000
<i>Disposals</i>	-
<b>As At 30.06.2018</b>	<b>174,205,691</b>
<b>Depreciation</b>	
<i>As At 01.07.2018</i>	691,210
<i>Period Charge</i>	-
<i>Write off</i>	-
<i>Disposal</i>	-
<b>As At 30.06.2019</b>	<b>691,210</b>
<b>Net Book Value</b>	
<i>As At 30.06.2019</i>	<b>173,514,481</b>
<i>As At 30.06.2018</i>	<b>168,814,481</b>

### As at 30.06.18

	Software
<i>Rate</i>	<i>30%</i>
	<b>KShs</b>
<b>Cost</b>	
<i>As At 01.07.2017</i>	155,904,343
<i>Adjustment</i>	-
<i>Additions</i>	13,601,348
<i>Disposals</i>	-
<b>As At 30.06.2018</b>	<b>169,505,691</b>
<b>Depreciation</b>	
<i>As At 01.07.2017</i>	691,210
<i>Period Charge</i>	-
<i>Write off</i>	-
<i>Disposal</i>	-
<b>As At 30.06.2018</b>	<b>691,210</b>
<b>Net Book Value</b>	
<i>As At 30.06.2018</i>	<b>168,814,481</b>
<i>As At 30.06.2017</i>	<b>155,213,133</b>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019  
(Cont'd)**

**21. Trade Payables and Accruals**

	<b>2018/19</b>	<b>Restated</b>
	<b><u>KShs.</u></b>	<b><u>2017/18</u></b>
		<b><u>KShs.</u></b>
Accounts Payables	4,986,510	65,343,566
Provisions and Accruals	49,069,083	22,658,608
Prepaid Levy	27,264,896	27,264,896
Sundry Creditors	20,712,319	8,060,668
	<b><u>102,032,808</u></b>	<b><u>123,327,738</u></b>

**22. Investment Income Received**

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Accrued Income B/f (Note 16)	23,227,635	9,713,578
Investment income	33,017,512	64,408,208
Accrued Income C/f (Note 16)	(23,651,283)	(23,227,635)
	<b><u>32,593,865</u></b>	<b><u>50,894,150</u></b>

**23. Restatement of Accounts**

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Retained Earnings	2,525,070,593	2,538,334,065
Surplus Remittance	(27,284,420)	(13,642,310)
Prior year adjustments	12,553,144	378,838
	<b><u>2,510,339,317</u></b>	<b><u>2,525,070,593</u></b>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**  
**(Cont'd)**

**24. Related Party Transactions**

The Entity 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the executive director and senior managers. The control of the Authority is exercised through the Board appointed by the Cabinet Secretary in line with the Act. The Executive Director and the Senior Management manage the day-to-day operations of the Authority. The total remuneration for the top management during the year was KShs. 92.85 Million which is included in the employee costs. The Executive Director was on acting capacity and was only paid acting allowance on top of the general manger remuneration.

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Executive Director	-	8,130
General Managers	26,050	17,310
Managers	66,803	63,025
	<b><u>92,853</u></b>	<b><u>88,465</u></b>

**25. Staff Schemes**

The Authority implemented staff mortgage scheme to enable staff acquire houses by providing a cash backed staff mortgage scheme. The scheme is administered by the Kenya Commercial Bank to the credit risk at a fee of 3.5% with the Authority earning an interest of 1% on the loans disbursed. This is in line with the Authority's HR Policy and Public Service policies on attracting and retaining qualified and competent manpower.

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>KShs.</u></b>	<b><u>KShs.</u></b>
Balance as at 1st July 2018	133,679,251	210,369,307
Payments into the Scheme - Mortgage	50,000,000	-
Car Loan	-	-
Total Cash Available for Disbursement	<u>183,679,251</u>	<u>210,369,307</u>
Disbursements	(85,598,483)	(106,462,117)
Interest Earned on the Scheme	-	2,126,580
Repayments	<u>21,578,172</u>	<u>27,645,480</u>
Balance as at 30th June 2019	<b><u>119,658,939</u></b>	<b><u>133,679,251</u></b>

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019 (Cont'd)**

### **26. Budget Comparison**

#### *i. Budget Approval*

The Authority's original budget was approved in line with the PFM Act in January 2018 and revised in January 2019. The revision was meant to ensure that the Authority operates within the overall approved expenditure levels taking into account any new developments and meet its operational mandates. The revised budgets were subsequently approved for implementation by the Board.

#### *ii. Budget Utilization*

The Authority utilized **91%** of its recurrent budget and **44%** of its capital budget. The low utilization of the capital expenditure is attributable to the delay in purchase of land for the Construction of proposed National Construction Institute which accounted for **36%** of the capital budget.

### **27. Contingencies**

The Authority has provided for contingent liabilities on operating expenses as it had commitments and running contracts as at 30th June 2019. This is in line with the accrual basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid)

### **28. Events after the reporting period**

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

### **29. Ultimate and holding entity**

The Authority is a State Corporation Agency under the Ministry of Transport, Infrastructure Public works Housing and Urban Development. Its ultimate parent is the Government of Kenya.

### **30. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

**Appendix I: Inter-entity transfers.**

The above amounts have been communicated to and reconciled with the parent Ministry

	ENTITY NAME:	National Construction Authority		
	Break down of Transfers from the State Department of Public Works			
	FY 18/19			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
a.	Recurrent Grants	As per Appendix III	1,164,975,000	2018/2019
b.	Development Grants	-	-	-
c.	Direct Payments	-	-	-
d.	Donor Receipts	-	-	-
	<b>Total</b>		<b>1,164,975,000</b>	<b>-</b>

**Christine Kirimi**  
Manager Finance

Sign 

**Eng. Maurice Akech**  
Executive Director

Sign 

**Appendix II: Recording of transfers from other government entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized						Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific		
State department of Housing and Urban Development	05-09-18	Recurrent	307,500,000	Statement of financial performance						307,500,000
State department of Public Works	14-01-19	Recurrent	307,500,000	Statement of financial performance						307,500,000
State department of Public Works	13-05-19	Recurrent	224,475,000	Statement of financial performance						224,475,000
State department of Public Works	04-06-19	Recurrent	307,500,000	Statement of financial performance						307,500,000
State department of Public Works	15-07-19	Recurrent	18,000,000	Statement of financial performance						18,000,000
<b>Total</b>			<b>1,164,975,000</b>							<b>1,164,975,000</b>