

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
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REPORT

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TABLED
BY:

Hon. Kimani Ichung'wah (Leader
of the Majority Party)

OF
THE TABLE:

Modo

THE AUDITOR-GENERAL

ON

**NATIONAL CONSTRUCTION
AUTHORITY**

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



**NATIONAL CONSTRUCTION
AUTHORITY**

NATIONAL CONSTRUCTION AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

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

b) Principal Activities

The Authority is Mandated to: -

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

- Accredite and register contractors and regulate their professional undertakings;
- 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

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

Mission

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

Core values

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

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



c) Key Management

The 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 30th June 2022 and who had direct fiduciary responsibility were:

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

e) Fiduciary oversight arrangements

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

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.

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

f) Authority Headquarters

9th Floor, KCB Towers, Kenya Road

P.O Box 21046-00100

NAIROBI.

g) Authority Contacts

Tel : +254 709 126 102/172/173.

Email : info@nca.go.ke

Website : www.nca.go.ke

h) Entity Bankers

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

NAIROBI.

2. NCBA,
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.



i) Independent Auditor

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

2. 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 20.01.2020

Qs. David Gaitho has over 28 years' experience in the construction industry, having worked in both the public and private sectors. He is a registered Quantity Surveyor with the Board of Registration of Architects and Quantity Surveyors (BORAQS), a Fellow of the Institute of Quantity Surveyors (IQSK), a Fellow of the Royal Institution of Chartered Surveyors (RICS) and a Fellow of the Institution of Construction Project Managers (ICPMK).

Qs. Gaitho has served professional associations with distinction as Chairman of IQSK and currently as President of the Africa Association of Quantity Surveyors (AAQS). Qs. Gaitho holds a Master of Science degree in Project Management from the University of Liverpool and a Bachelor's Degree in Building Economics from the University of Nairobi.



Mercy Akeyo Okiro, Adv.
Vice Chairperson of the Board
Representing the Law Society of Kenya (LSK)
D.O.B: 24.01.1988
Appointed on 06.10.2021

Ms. Mercy Okiro is an Advocate of the High Court of Kenya and has an excellent understanding of these areas; (Alternative) dispute resolution, sports law, women's and youth rights, private sector entrepreneurship, procurement law and legal research. She is currently a member of the Chartered Institute of Arbitrators, an accredited Mediator and holds a Master's Degree in International Studies.

Ms. Okiro is currently working as an independent legal consultant with a law firm, Accredited Tutor and Assessor and at the Chartered Institute of Arbitrators,

London and Nairobi Centre for International Arbitration, Kenya and as a Pro Bono Advocate for Sports Disputes Tribunal, Kenya and Court of Arbitration for Sports, Lausanne. She has in the past served as a legal officer for the United Nations, as Junior Counsel in a leading law firm and as an Adjunct Faculty at Mount Kenya University School of Law, Kenya.

Ms. Okiro is an efficient leader who upholds integrity and dignity, possesses great communication and interpersonal skills. She believes her work ethic and experience places her as an invaluable asset to any organization or individual.



**Kalpesh Hirani, Board Member,
Representing the Kenya Association of Building
and Civil Engineering Contractors (KABCEC)
D.O.B: 14.07.1977
Appointed on 06.10.2021**

Mr. Kalpesh Hirani is a director of a Construction Company based in Nairobi engaged mainly in the construction of commercial and residential buildings. He is experienced in the execution and delivery of construction projects within time and budget to client expectations and well versed with mandatory, legislative and contractual requirements of Construction projects. He has a strong background in Project Management and Project Coordination with various Consultants and Relevant Bodies.

Mr. Hirani is a registered member of the Chartered Institute of Building (CIOB) and Engineers Board of Kenya (EBK). He holds a Professional Accounting Certificate from the Institute of Chartered Accountants, England and Wales, RIBA Part 1 and a Master's Degree in Structural Engineering and Architecture from the University of Sheffield, U.K. Mr. Hirani has over 17 years of practising experience in the construction industry having been involved in major infrastructural projects in Kenya.



**Waweru Gathecha, Board Member,
Representing the Architectural Association of
Kenya**

D.O.B: 02.09.1972

Appointed on 06.10.2021

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 as a sector board chairperson at the Kenya Private Sector Alliance (KEPSA).



**Prof. Godrick Bulitia, Board Member,
representing Special Interest Groups**

D.O.B: 23.09.1977

Appointed on 05.05.2020

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. Prof. Bulitia is currently serving in the Board for the second term having been appointed first on 12th May 2017.



**Eng. Stephen Kogi, Board Member,
Representing the Principal Secretary, State
Department of Infrastructure.**

D.O.B: 14.01.1964

Appointed on 01.09.2015

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.



**Mr. Peter Musango, Board Member,
Representing the Roads and Civil Engineering
Contractors Association (RACECA)**

D.O.B 05.07.1966

Appointed on 06.10.2021

Mr. Peter Musango is a Civil Engineer registered with the Engineers Board of Kenya. He is also a Member of the Institution of Engineers of Kenya. He graduated in 1990 with a BSc (Hon) from the University of Nairobi and gained training from the Ministry of Works and Water as well as Private Consulting Engineers in Kenya before entering into construction in 1994. He has been involved in various water, sanitation, building, roads and civil engineering infrastructure projects in Kenya,

Uganda and South Sudan. He has been continuously practising in civil engineering over the last 31 years.

He is the Managing Director and Chief Executive Officer of a local indigenous construction company in Kenya. He also serves as a Director in many private companies in Kenya and a Public School. He is also the Secretary of the Roads and Civil Engineering Contractors Association (RACECA).



**Mr. Kennedy Sagini, Board Member,
Representing the Kenya Federation of Master
Builders (KFMB)**

D.O.B: 27.07.1969

Appointed on 06.10.2021

Mr. Kennedy Sagini is the Managing Director of Sak-Way Holdings Limited.

Mr. Sagini holds a Diploma in Civil Engineering from Kenya Polytechnic and a Labor Based Certificated from Kenya Institute of Highway and Building Technology. He has previously worked as a site engineer for Masosa Construction Co. Limited and as a Director and Project Manager for SAKEM Construction.



**F.A. Paul Kiagu, Board Member,
Representing the Cabinet Secretary National
Treasury and Planning**

D.O.B 04.07.1969

Appointed on 23.04.2020

F.A. Kiagu is a graduate from Kenyatta University with B.A Economics and Masters in Applied Economics (Finance). He is also a Certified Investment and Financial Analyst with the Institute of Certified Investment and Financial Analysts (ICIFA). He is a member of Economists Society of Kenya (ESK) and the Institute of Certified Investment and Financial Analysts (ICIFA).

F.A Kiagu works at the National Treasury as an Economist /Financial Analyst dealing with approvals of State Corporations requests, Analysis of Budgets,

Financial Reports and GOK on-lend loans to State Corporations. He is also involved in the Implementation of Public Finance Management Reforms (PFMR). He represents the National Treasury in the Public Investment Committee (PIC) in Parliament on policy matters relating to Government Investments and Public Enterprises. He has a wide range of experience in various Boards of State Corporations having represented the Cabinet Secretary from 2012.



Dr. Qs. Patrick M. Bucha, PhD, MBS, Board Member, representing the Principal Secretary, State Department for Housing & Urban Development.

D.O.B 30.10.1964

Appointed on 02.06.2020

Q.s Bucha holds a Master's Degree in Building Management and a Bachelor's degree in Building Economics both from University of Nairobi and currently pursuing a PhD in Leadership and Governance. Served as part time lecturer in Architectural Department, University of Nairobi. He is a registered Quantity Survey and has worked with the Government for over 30 years in various positions including, Deputy Director Housing, Programme Coordinator, Kenya Slum Upgrading Programme (KENSUP), Project Manager, Civil Servants Housing Programme and Director of Estates Management in charge of all government houses. He served as Managing Director, National Housing Corporation and chaired a team on housing bond issue and capital restructuring of the Corporation.

Currently, he serves as the Secretary Housing in the State Department of Housing and Urban Development in charge of implementing the Housing Agenda under the Big 4, formulation of housing policies and laws as well as coordinating implementation of National Police and Kenya Prisons Services housing, Slum Upgrading and Civil Servants Housing. His Excellency the President honored him with Moran of the Order of the Burning Spear (MBS) on 12th December, 2011 for his contribution in the housing sector.



**Arch. Jackson Mutua, Board Member,
representing State Department of Public
Works**

D.O.B 05.05.1963

Appointed on 21.10.2020

Arch. Jackson Mutua is a seasoned professional and registered architect with the Board of Registration of Architects and Quantity Surveyors (BORAQS). He started his career in the private sector with Plano-consult (Architects & Planners) for 2 years before joining Ministry of Public Works in the year 1994 and worked in various capacities and regions rising to the level of Regional Works Officer (Upper Eastern) in 2010. From 2012 to 2017 he worked as an Assistant Director in State Department of Housing and Development overseeing development of social & physical infrastructure projects under the Kenya Slum Upgrading Program. He returned to the State Department of Public Works in 2017 and put in charge of all projects under Ministry of Housing and oversaw the delivery of 1370 housing units in Park Road Nairobi under the Affordable Housing Program.

Arch. Jackson Mutua holds a Master of Science in Construction Project Management from Jomo Kenyatta University of Agriculture and Technology and Bachelor of Architecture from University of Nairobi.



Eng. Maurice Akech , MBS

Executive Director/Secretary to the board.

Eng. Akech was appointed on 27th September 2019 as the second Executive Director and Registrar of Contractors. He previously served the Authority in the capacity of the General Manager for Research, Training and Capacity Building where his main role was to spearhead and provide leadership in the construction Industry on research and training activities as well as consultancy and advisory services that promote its development, coordination and growth. He is a professional 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. His Excellency the President of the Republic of Kenya honored him with Moran of the Order of the Burning Spear (MBS) in December, 2021 for his valuable contribution in the public sector.



Mr. Samson Lukoba
Corporation Secretary and Head of Legal

Mr. Lukoba is an Advocate of the High Court of Kenya and a Certified Secretary. He has over fifteen years' experience in both strategic and operational positions in a multinational organization and the public sector. He has a strong legal background with emphasis on Human Resource and Industrial Relations Management with a focus on Compliance and Risk management. Prior to joining NCA, Mr. Lukoba was the Legal and Ethical Trading Manager at Oserian Development Company Ltd. He has also worked with various legal firms, where he worked extensively in litigation. Mr. Lukoba holds a Bachelor of Laws (LLB) from the University of Mumbai (India), a Bachelor of Arts from Panjab University (India) and a Diploma in Law from the Kenya School of Law. He is a member of the Law Society of Kenya and Institute of Certified Public Secretaries of Kenya and currently pursuing Master of Laws in oil and gas in Strathmore University.

3. MANAGEMENT TEAM



Eng. Maurice Akech , MBS
Executive Director/Secretary to the board.

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

His Excellency the President of the Republic of Kenya honored him with Moran of the Order of the Burning Spear (MBS) in December, 2021 for his valuable contribution in the public sector.



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 funds, 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 also holds Master of Science in Public Policy Analysis from Jomo Kenyatta University of Agriculture and Technology.



Qs. Susan Rutto
General Manager, Registration and Compliance

Qs. Susan Rutto is currently the General Manager, Registration and Compliance. Prior to her current role she was the Manager, Registration and Compliance. Susan was one of the key founding staff members who set up NCA and helped develop the evaluation criteria for the registration of contractors and initiated the registration process for the same. She has over 18 years of construction industry professional experience in both the private and public sectors. Before joining the Authority, she worked with the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works in the State Department of Public Works where she rose to a position of superintending Quantity Surveyor. She holds a Master's degree in Business Administration (MBA) from Management University of Africa and Bachelor of Arts (Building Economics and Management) from the University of Nairobi. She is a Registered

Quantity Surveyor with Board of Registration of Architects and Quantity Surveyors of Kenya (BORAQS), a licensed Lead Expert in Environmental Impact Assessment (EIA) and a corporate member of Institute of Quantity Surveyor of Kenya (IQSK).



**Qs. David Mathu, General Manager,
Construction Research, Business Development
and Capacity Building**

Qs. David is an accomplished construction and management professional in both the public and private sectors. He started his career at Davson & Ward Quantity Surveyors & Project Managers before joining the State Department of Public Works in Quantities and Contracts Department. His professional diligence and focus saw him awarded the best quantity surveying candidate in the Board of Registration of Architects and Quantity Surveyors (BORAQS) professional examination of 2010. He is a past council member of the Institute of Quantity Surveyors of Kenya (IQSK). Over the years, David has obtained wide local and global knowledge in public policy, strategy, innovation, business development, fundraising and partnerships, research and capacity building; and environmental sustainability. Since his first appointment in January 2014 as a senior research officer, Qs. David has contributed immensely to the overall growth of the National Construction Authority. He is also a doctoral researcher in Management Science and Engineering at Harbin Institute of Technology (HIT), China, under the bilateral scholarship programme between the Kenyan government and the Chinese Scholarship Council (CSC).



Eng. Raymond Karani
Manager, Registration

Eng. Karani has over twenty-five years of experience as a Civil Engineer, extensively as a Water Engineer. He holds a Bachelor of Science in Civil Engineering and a Master in Business Administration (MBA), both from the University of Nairobi. Eng. Karani is also a professional engineer and a Corporate Member of the Institution of Engineers of Kenya (IEK), a certified ISO 9000

Auditor and an Associate Environmental Impact Assessment (EIA) expert.

Prior to joining NCA, Eng. Karani worked for the National Water Conservation and Pipeline Corporation (NWPC) as a Chief Engineer, where oversaw the design and construction supervision of various small and medium size dams and pans in the Arid and Semi-Arid (ASAL) regions.

Eng. Karani, still under the NWPC, also served as a Regional Manager in the Coast and Southern regions. He was involved in the construction of Phase I of the Kirandich River Dam Project in Baringo, for the supply of portable water to Kabarnet town and its environs with KIRDAM Consortium. He was also involved in the design of Phase II of the same project under NWPC, which comprised of the Water and Waste Water Reticulation system in the then Kabarnet Municipality, Emergency Spillway at the dam and Environmental Protection measures at the dam.

At NCA, Eng. Karani is the Manager in charge of the registration of contractors. He oversaw the successful migration from manual evaluation of contractor applications for registration to the current ICT based online contractor registration process.

Also under his docket, he oversees the accreditation of construction workers and has spearheaded the preparation of the construction workers register.



Arch. Stephen Mwilu
Manager, Compliance and Enforcement

Arch. Mwilu is a registered architect with the Board of Registration of Architects and Quantity Surveyors (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 coordinated the activities of NCA's regional and liaison offices. As Manager, Compliance and Enforcement, he still coordinates the Regional and Liaison offices, handling project registration, quality assurance and the enforcement of both the Building Code and the Code of Conduct for the Construction Industry. Arch. Mwilu brings to the Authority a wealth of knowledge due to his technical background, as well as over a decade's worth of experience both in the public sector and as a private consultant. He holds a Master's degree in Construction Management and a Bachelor of Architecture degree, both from the University of Nairobi.



CPA Christine Kirimi
Manager, Finance and Accounts

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. She has a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce (Finance) from the Catholic University of Eastern Africa. Before assuming the role of Manager Finance and Account 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 and accounting, having worked in various Ministries including the Ministries of Labour and Human Resource Development as well as Land, Housing and Urban Development, where she was awarded a letter of commendation for outstanding achievements.



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 JUAT 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, Planning, Quality Assurance and Risk

Mr. Paul N. Gesora, a career public servant, oversees the Department of Planning and Quality Assurance in the Authority. Among the responsibilities he carries out include coordinating implementation of NCA Strategic Plan, performance contracting, work planning, quality assurance pertaining to ISO standardization and risk management for the Authority.

He has previously worked as the Deputy Chief Economist in the Ministry of Transport Infrastructure Housing & Urban Development and Public Works. Other ministries worked during the past include Roads and Public Works, Lands

and Settlement, Agriculture and Rural Development, and Planning and National Development. Mr. Gesora was one of the key staff members who participated in developing a working organizational framework and strategic plan for the Authority at inception. A seasoned economist, Mr. Gesora brings over twenty years' experience to NCA. Among the accomplished works undertaken, include:

- participation in the Implementation of Economic Recovery Strategy for Wealth and Employment Creation;
- development of initial strategic plans for Kenya National Highways Authority (KENHA), Kenya Rural Roads Authority (KERA), Kenya Urban Roads Authority (KURA);
- Participation 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, etc.

Mr. Gesora holds degrees in Bachelor of Arts (BA-Honors) and Master of Economics (MA) both in Economics from the MS University of Baroda (India).



CHRP Paul Kariuki
Manager, Human Resource

Mr. Kariuki is a certified human resource professional. He first trained as a teacher and later diversified to the field of Human Resources Management, an area he has worked and gained experience in for the last fifteen years. He was previously the Principal Human Resource Management Officer in the Public Works Directorate of the Ministry of Land, Housing and

Urban Development. He has gained extensive experience in employee recruitment and retention, staff development, mediation, conflict resolution, benefits and compensation, knowledge management, coaching & mentoring, counseling, talent management, policy development, strategic human resource management and legal compliance.

His teaching background provides an added advantage to staff at the Authority when it comes to welfare and staff development. Mr. Kariuki has a Master of Business Administration (Strategic Management) from Kenyatta University, Executive Masters in Public Policy & Administration, B.Ed from Moi University, a Higher National Diploma in Human Resource Management (KNEC), Certified

Human Resource Professional Diploma and a Bachelor of Education (Arts) from Moi University. He is currently pursuing his doctorate at Moi University.



Samson Lukoba
Corporation Secretary and Head of Legal

Mr. Lukoba is an Advocate of the High Court of Kenya and a Certified Secretary. He has over fifteen years' experience in both strategic and operational positions in a multinational organization and the public sector. He has a strong legal background with emphasis on Human Resource and Industrial Relations Management with a focus on Compliance and Risk management. Prior to joining NCA, Mr. Lukoba was the Legal and Ethical Trading Manager at Oserian Development Company Ltd. He has also worked with various legal firms, where he worked extensively in litigation. Mr. Lukoba holds a Bachelor of Laws (LLB) from the University of Mumbai (India), a Bachelor of Arts from Panjab University (India) and a Diploma in Law from the Kenya School of Law. He is a member of the Law Society of Kenya and Institute of Certified Public Secretaries of Kenya and currently pursuing Master of Laws in oil and gas in Strathmore University.



Dr. Vincensia Apopa
Manager, Supply Chain

Dr. Vincensia Apopa is a Chartered Procurement and Supply Chain Professional licensed with the Kenya Institute of Supplies Management (KISM), with almost three decades of quality work experience acquired through several challenging roles with large and medium sized organizations in the public sector. Dr. Apopa have made immense contributions to the procurement profession in Kenya, having worked in various sectors of the economy including Agriculture, Social Services and Infrastructure, and now in Construction. Dr. Apopa was elected as a Council Member of KISM on 10th January, 2020 and is the chairperson of the Disciplinary Committee, a position that aligns with her passion of uplifting the standards of the procurement profession in the country, so as to improve performance and procurement competencies. As Chair of the

Disciplinary Committee, she is working on the Disciplinary Policy as well as the Code of Ethics and Standards of Professional Conduct for Supply Chain Professionals in Kenya. Additionally, she chairs the task force that is preparing the National Public Procurement and Asset Disposal Policy. She also took part in the review of the published Procurement and Asset Disposal Regulation (2020).

Dr. Apopa holds a PhD in Supply Chain Management, a Masters in Procurement and Logistics and a Bachelor of Science degree in Supplies and Purchasing Management. She also holds a Professional Diploma in Supply Chain (CIPS-UK).



Mrs. Wangui Kabala
Manager, Corporate Communications

Wangui is a trained public relations professional and media personality with over ten years' experience in the communications field. 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. Prior to joining the Authority, Wangui worked in various capacities in radio, television and in advertising. Currently, she serves on the Editorial Board of the Public Relations Society of Kenya and is a trainer and consultant in broad communications, but specifically in branding and customer care. Wangui is passionate about helping small and medium enterprises establish themselves as brands and leverage on that strength.

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



CPA Anthony Ochieng
Manager, Internal Audit

Mr. Ochieng, whose interest in mathematics inspired his accounting background, has over 15 years' experience both as an internal and external auditor, extensively in the public sector. He started his career with the Office of the Auditor General (OAG). He previously worked as a Senior Internal Auditor at the Kenya Urban Roads Authority (KURA), and also served in the same capacity at Kenyatta National Hospital (KNH). Mr. Ochieng has vast experience and knowledge in risk management, information systems audit and internal controls. He was instrumental in the acquisition of the ISO 9001:2015 QMS in his previous and current engagements. He is credited for setting up the Internal Audit function and the Enterprise Risk management framework (ERM) at the Authority (NCA)

CPA Ochieng holds a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce (Finance) from the Catholic University of Eastern Africa. He is a Certified Public Accountant CPA (K) and a Certified Information Systems Auditor (CISA). He is a member of ICPAK, ISACA and the Institute of Internal Auditors (IIA) Kenya, all in good standing.



Arch. Juliet Kabere
Manager, Training and Capacity Building

Arch. Kabere is an experienced trainer and technical expert in the 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 technical trainer since the inception of NCA's training programmes, Arch. Kabere is highly capable and well suited to lead the Training and Capacity Building Department.

Prior to joining the Authority, Arch. Kabere worked with various architectural consultancy firms, was a lecturer at the Technical University Kenya (TUK) and was the Head of Building Department at the Kenya Institute of Building and

Highway Technology (KIHBT). She has over a decade's worth of experience in the construction industry, and is a professional trainer, competency assessor and Curriculum and Instructional Designer having been trained at Kenya Technical Trainers College (KTTC) and at the DACUM International Training Centre at The Ohio State University.

Arch. Kabere 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 (AAK). She has a Master's degree in Urban Management from the University of Nairobi as well as a Bachelor of Architecture from the same institution. She has also undergone various leadership and governance courses.



Annette Nasiaki Okello
Manager, ICT

Annette is an experienced ICT professional and has worked as an ICT Consultant for both national and international organizations. She has held various roles in her career included being the ICT Manager at the Catholic University of Eastern Africa, ICT Manager at the Kenya Railways Staff Retirement Benefits Scheme, IT Officer at Habitat for Humanity Kenya along other roles. She has held other leadership positions including a Board Member at the Media Council of Kenya, Communication and Multimedia Appeals Tribunal among others.

She holds a Master of Science in Information Technology Management from the University of Sunderland. She also holds a Post Graduate Certificate in Global Social and Sustainable Enterprise (GSSE) from Colorado State University and a Bachelor of Science (Hons.) in Computing from the University of Greenwich. She has undergone various leadership and governance courses.



Eng. Stephen Nyakondo

Ag. Manager, Construction Research and Business Development

Eng. Nyakondo has over 17 years' experience in construction management, having worked on both private and public sector projects. He is a trained Mechanical Engineer with a specialization in Building Service Engineering, having graduated from Jomo Kenyatta University of Agriculture and Technology (JKUAT) in 2004, 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 in the Electrical and Mechanical Department, where he designed and supervised key public infrastructure projects across the country. He has vast experience in emerging global issues within construction, such as green construction, business 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.

4. CHAIRMAN'S STATEMENT

This past year the Authority has done a lot in executing and advancing its mandate.

In advancing its research role, the Authority hosted its 2nd annual Research Dissemination Forum during which the findings of four researches that the Authority had conducted earlier were made public. The Authority has since conducted data collection for 5 fresh researches whose findings will be made public once complete.

The fourth edition of NCA's Premier event, International Construction Research Conference and Exhibition (ICORCE) took place in June 2022 under the theme "Transformation for a Sustainable, Innovative and Resilient Construction Industry. ICORCE 2022 took place on the backdrop of the COVID-19 pandemic which had prevented it from taking place since 2019 and provided a platform to interrogate issues that continue to shape the construction industry.

The Authority conducted a successful brand awareness and consumer education campaign that was aimed at increasing the public's awareness on the Authority's mandate and activities as well as raising the Authority's public profile by improving how it is perceived. This was done through Television Adverts, Animations, Print Ads, and Social Media Content creation.

In continued efforts to improve efficiency the Authority migrated its staff posted to all Huduma Center desks across the Country from temporal to two-year contracts for better service delivery. Efforts to improve the construction industry through improved legislation continued as the Authority engaged the National Assembly committee on Delegated Legislation as well as conducting a stake holder validation forum both for the Draft Building regulations (National Building Code) 2022 and Regulatory Impact Statement for the Draft Code. These efforts shall continue into the New Year until the goal is attained.

The Authority was also feted for its innovation efforts during the Kenya National Innovation Agency (KeNIA) Innovation Awards 2021 for establishing the Affordable housing village which showcased cheaper building material to members of the public and the National Construction Research Agenda (NaCRA).



Qs. David Gaitho

CHAIRPERSON OF THE BOARD

5. REPORT OF THE EXECUTIVE DIRECTOR

The end of FY 2021/2022 provide opportune time to take stock of the years' planned activities. The Authority surpassed most of its planned targets which were tailored to the attainment of its core mandate in coordination and development of the construction industry. The Authority has been able to build resilience through continual innovation and improvement in its business processes geared towards efficiency and effectiveness in service delivery.

Following the enactment of the Business Laws (Amendment) Act 2020, which introduced the enforcement of the Building Code, the Authority in the FY spearheaded the development of the Building Code regulations in partnership with all the relevant stakeholders. Significant progress has been made and the Gazettement of the regulations will streamline the construction industry and ensure safety in the built environment and eventually a prosperous construction industry.

Other key fora that took place in the year was the International Research Conference and research dissemination forums. It provided a forum for industry stakeholders to present its research papers and also deliberate on findings and recommendations of the various studies that the Authority has undertaken recently. These provides insights on the better understanding of the dynamics in the construction industry for development of measures geared to effective regulation and coordination of its development.

In carrying out its mandate as envisaged in the NCA Act no. 41 of 2011, the Authority carried out quality assurance exercises where 26,417 construction sites were inspected against a target of 26,000. The Authority also carried out training and capacity building programmes for contractors and construction workers with a total participation of 33,129 contractors, construction works and site supervisors in the FY. 2021/2022. Further, the Authority ensured that registration applications and renewal for licenses were processed timely in line with the provisions of its service charter.

On the corporate front the Authority the Authority undertook a nationwide tree planting exercise that saw 13 regions across the country covered and 9.595 tree seedlings planted.



In light of the achievements outlined above, the Authority is targeting to achieve even better come the next financial year as it strives to ensure effective regulation of the construction industry.

A handwritten signature in black ink, appearing to read 'M. Akech', with a long horizontal line extending to the right.

Eng. Maurice Akech, MBS

Executive Director/Registrar of Contractors

6. STATEMENT OF THE AUTHORITY'S PERFORMANCE AGAINST PERDETERMINED OBJECTIVES FOR FY 2021/2022

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the National Government entity's performance against predetermined objectives.

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

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

National Construction Authority develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The National Construction Authority achieved its performance targets set for the FY 2021/2022 period for its strategic pillars, as indicated in the table below:

KEY RESULT AREA	OBJECTIVES	ACTIVITIES	KEY PERFORMANCE INDICATORS	FY 2021-2022 ACHIEVEMENTS
Transformed the local construction industry through the empowerment of local contractors, skilled construction workers and construction site supervisors	Effective and efficient registration and accreditation services	Register 7,500 contractors	Number of contractors registered	NCA registered 7,543 contractors
		Accredit 40,000 skilled construction workers and 7,000 construction site supervisors	Number of skilled construction workers and construction site supervisors accredited	NCA accredited 28,512 construction workers and 1,410 site supervisors
Safety in all construction works, including but not limited to buildings, dams, roads, electrical, mechanical, bridges etc	Promote quality assurance in the construction industry	Carry out 25,000 construction site inspections	Number of construction sites inspected	NCA carried out 26,417 site inspections
Innovative research and business development	Undertake and commission research into any matter relating to the construction industry Provide consultancy	Developed and facilitated the implementation of a construction manual for materials and techniques as follows;	Framework for implementation of construction manual	a) Framework complete awaiting legal action b) MoU with KEBS complete awaiting signing

	and advisory services related to the construction industry	Consult for and advise stakeholders on matters related to construction industry	Number of consultancies and advisory briefs and reports	Carried out six business partnerships
Capacity in the local construction industry developed and improved	Build and improve capacity of contractors, skilled construction workers & construction site supervisors	Train 7,000 contractors	Number of contractors trained	NCA trained 11,804 contractors
		Train 8,000 skilled construction workers	Number of skilled construction workers trained	NCA trained 15,068 construction workers
		Train 4,000 construction site supervisors	Carry out training of Site Supervisors	NCA trained 6,257 site supervisors
Innovation and operational excellence in the Authority	Establishment of center for construction industry development	Finalize construction designs for the Centre for Construction Excellence and commence construction	Approved construction designs	<p>1) Construction designs and documents for CCID complete</p> <p>2) Feasibility study complete</p> <p>3) ESIA complete</p> <p>4) Green design review and EDGE registration ongoing</p>

7. CORPORATE GOVERNANCE STATEMENT

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

In line with the provisions under the Mwongozo Code of Governance for State Corporations, the Board of National Construction Authority has adopted high standards and applies strict rules of conduct, based on the best corporate practices. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles among others; observance of high standards of ethical and moral 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.

Board Composition

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

The Board consists of eleven (11) members from the following bodies;

	NAME	DESIGNATION	NOMINATING BODY
1.	Qs. David Mwangi Gaitho	Chairperson	Institute of Quantity Surveyors of Kenya (IQSK)
2.	Ms. Mercy Okiro	Vice-Chairperson	Law Society of Kenya (LSK)

3.	Arch. Jackson Mutua	Board Member	State Department for Public Works, Ministry of Transport, Infrastructure Housing & Urban Development and Public Works
4.	Qs. Patrick Bucha, MBS	Board Member	State Department of Housing and Urban Development, Ministry of Transport, Infrastructure Housing & Urban Development and Public Works
5.	Eng. Stephen Kogi	Board Member	State Department of Infrastructure, Ministry of Transport, Infrastructure Housing & Urban Development and Public Works
6.	F.A. Paul Kiagu	Board Member	National Treasury
7.	Mr. Waweru Gathecha	Board Member	Architectural Association of Kenya (AAK)
8.	Mr. Kalpesh Hirani	Board Member	Kenya Association of Building and Civil Engineering Contractors (KABCEC)
9.	Mr. Peter Musango	Board Member	Roads and Civil Engineering Contractor's Association (RACECA)
10.	Mr. Kennedy Sagini	Board Member	Kenya Federation of Master Builders (KFMB)
11.	Prof. Godrick Bulitia	Board Member	Special Interest Group
12.	Eng. Maurice Akech	Executive Director	Ex-Officio Member

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

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

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

3.0 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, a Board almanac is prepared for a financial year and circulated to the members and management in advance for effective planning. The Board Committee meetings are scheduled before the ordinary Board meeting to ensure that all matters are adequately addressed at the committee level before presentation to the Board for adoption, approval or direction as the case may be.

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

- a) 5 Ordinary Board Meetings;
- b) 2 Special Board Meetings;
- c) 4 Technical Committee (TC) Meetings;
- d) 4 Human Resource Committee (HRC) Meetings
- e) 4 Finance Administration and Development Committee Meetings and 1 Special Meeting; and
- f) 4 Board Audit Risk Governance (BARG) Meetings and 1 Special Committee Meeting.

In line with the Office of the President Circular **REF: OP/CAB.9/1A** dated 11th March 2020 on the Guidelines on Conduct of Board Meetings during the period of COVID-19 pandemic, the Board Meeting and Committee meetings held from July 2021 to date were conducted successfully over tele/videoconferencing and physical means to adhere to government directives on physical distancing.

3.1 Board Committees

In order to discharge its mandate and responsibilities effectively, the Board has delegated certain tasks to its Committees with a specific mandate. This has been done in line with the principles of corporate governance, Mwongozo Code of Governance for State Corporations and the Second Schedule of the National Construction Authority Act No. 41 of 2011.

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

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

a) Finance, Administration & Development (FAD) Committee

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

Members

1. Mr. Kalpesh Hirani	Chairperson
2. Prof. Godrick Bulitia	Member
3. Mr. Peter Musango	Member
4. FA. Paul Kiagu	Member
5. Dr. Qs. Patrick Bucha	Member
6. Eng. Maurice Akech	Executive Director

b) Technical Committee.

This committee is responsible for the technical operations of the Authority. The committee is responsible for recommending training, research and capacity building policies, goals, and budgets that support the mission, values, and strategic goals of the Authority. In relation to registration and compliance, the

committee is charged with ensuring that the mandate of the Authority in relation to registration of contractor and construction workers is carried out effectively and efficiently. In addition, the committee ensure that adequate policies are put in place for compliance of all statutory requirements by all the industry stakeholders.

Members

1. Mr. Peter Musango	Chairperson
2. Ms. Mercy Okiro, Adv	Member
3. Mr. Kalpesh Hirani	Member
4. Arch. Jackson Mutua	Member
5. Eng. Stephen Kogi	Member
6. Eng. Maurice Akech	Executive Director

c) Human Resource Committee

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

Members

1. Prof. Godrick Bulitia	Chairperson
2. Mr. Kennedy Sagini	Member
3. Mr. Waweru Gathecha	Member
4. Ms. Mercy Okiro, Adv	Member
5. Eng. Stephen Kogi	Member
6. Eng. Maurice Akech	Executive Director

d) Board Audit, Risk & Governance Committee

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



Members

1. Arch. Waweru Gathecha	Chairperson
2. Arch. Jackson Mutua	Member
3. FA. Paul Kiagu	Member
4. Mr. Kennedy Sagini	Member
5. Qs. Patrick Bucha	Member

Table 1: Board and Committee Attendance from 1st July 2021 to 30th June 2022

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

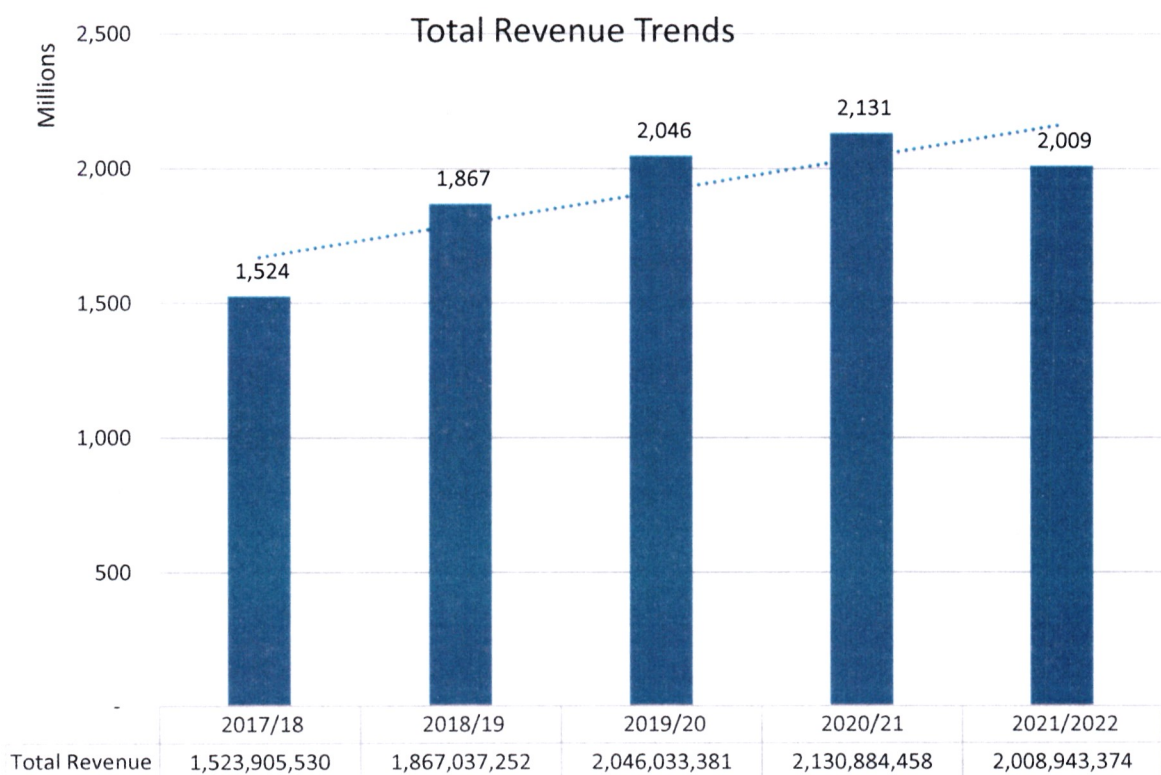
7.	Mr. Kennedy Sagini	5	5	2	2	4	4	N/A	N/A	4	3	1	1	N/A	N/A	N/A	N/A
8.	Eng. Stephen Kogi	5	4	2	1	4	4	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9.	Q.s Patrick Bucha	5	3	2	0	N/A	N/A	N/A	N/A	4	1	1	1	4	3	1	1
10.	F.A Paul Kiagu	5	5	2	1	N/A	N/A	N/A	N/A	4	4	1	1	4	4	1	1
11.	Mr. Peter Musango	5	5	2	2	N/A	N/A	N/A	4	N/A	N/A	N/A	N/A	4	4	1	1
12.	Eng. Maurice Akech	5	5	2	1	4	2	4	N/A	N/A	N/A	N/A	N/A	4	4	1	0

8. MANAGEMENT DISCUSSIONS AND ANALYSIS

The financial year 2021/2022 marks the tenth 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.

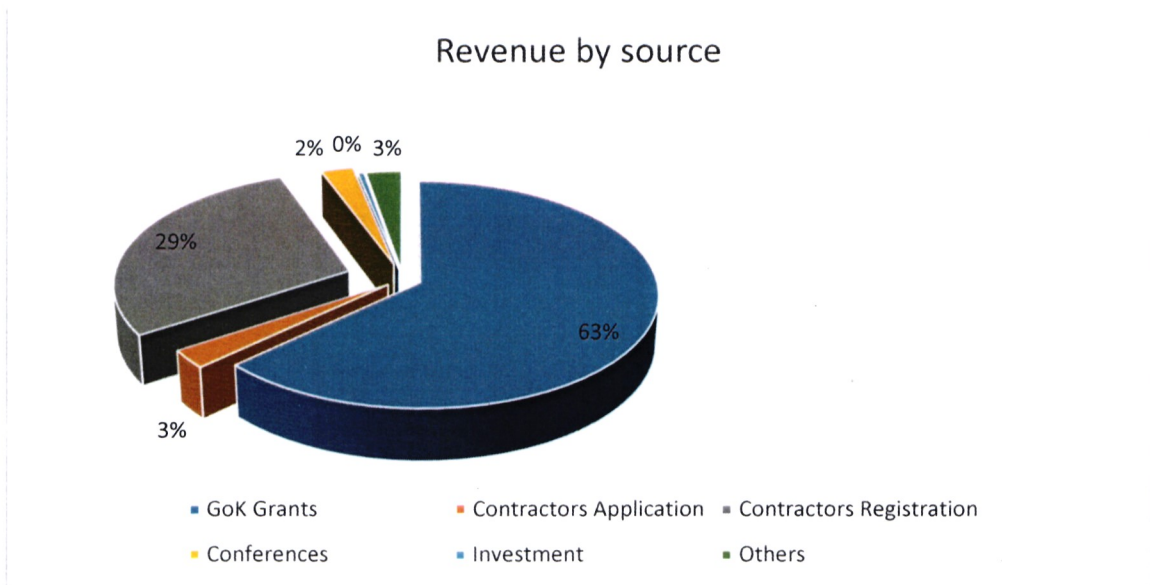
i. Financial Performance

a. Financial performance in figures



The total revenue for the Authority for the financial year 2021/22 decreased by 6% as compared to the financial year 2020/21. The internally generated revenue decreased by 14% which is attributable to the performance of the industry. The support from the Government in the form of recurrent grants slightly decreased by 0.2%.

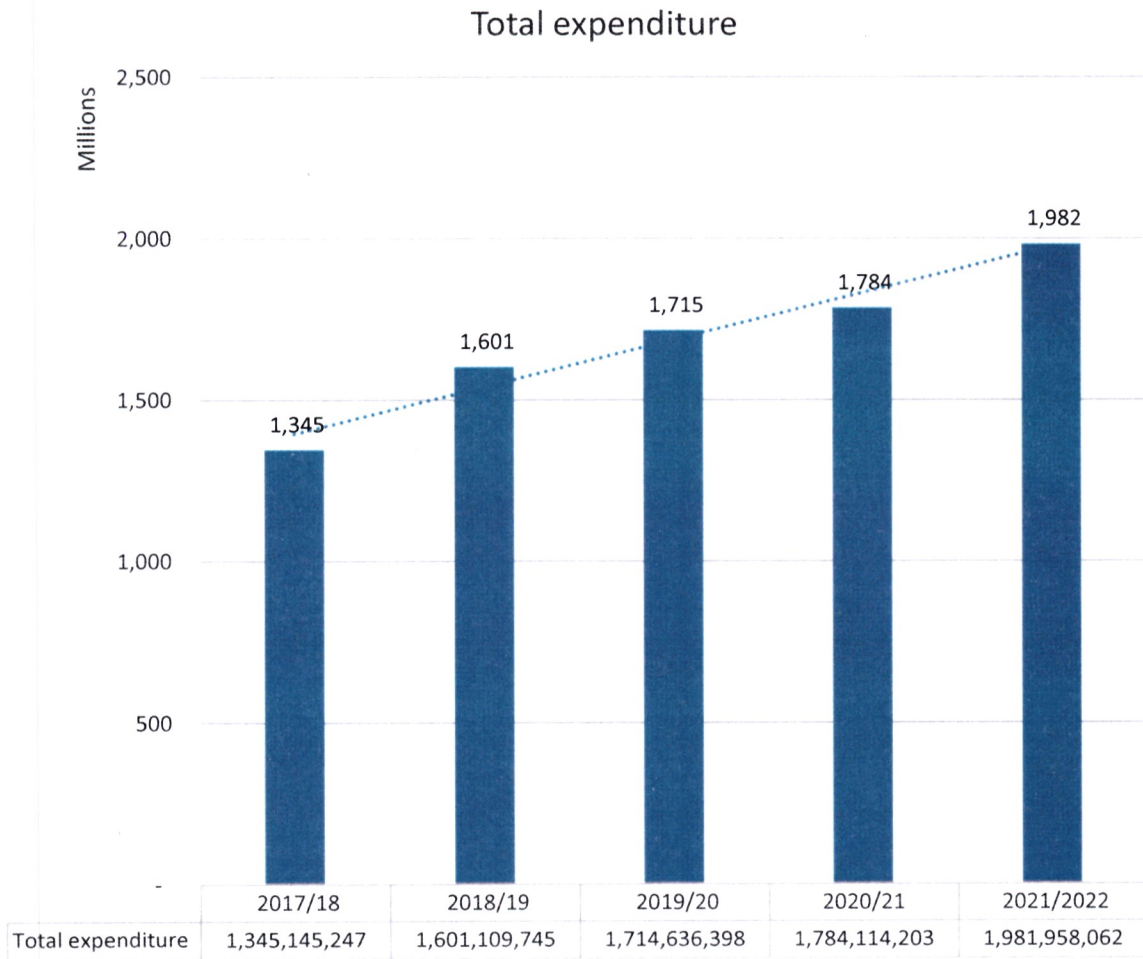
b. Revenue Sources



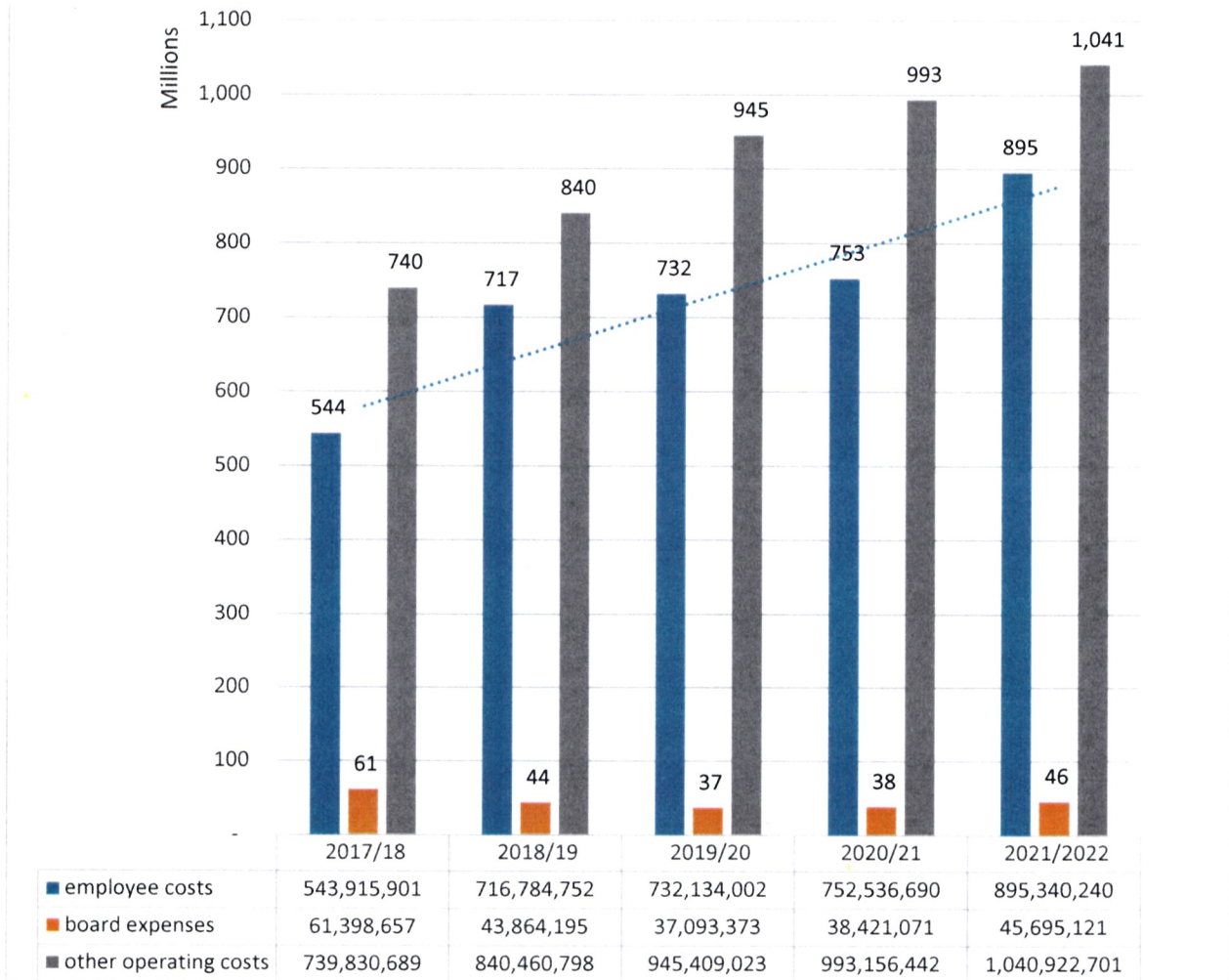
The GoK Grants contributed 63% of the total revenue for the Authority. The internally generated revenue contributed 37 % from contractors’ application fees, registration fees, receipts from contractors’ training workshops and credit interest income.

c. Expenditure Trends

The recurrent expenditure for the period under review increase by 12% as compared to the last financial year. The absorption of allocated funds stood at 99 % of the recurrent budget.



d. Expenditure by Vote



The Authority’s employee costs accounts for 45% of the total expenditure for the period. The expenditure has grown over the years from KShs. 543.9 Million in the FY 2017/18 to KShs. 895.34 Million at the end of FY 2021/2022. This is attributed to the growth of staff complement from 293 to a total of 304 in 2017/2018 and 2020/2021 respectively. The current total work force comprises of 290 permanent and long-term contract employees and 104 on short term contract deployed to all Huduma centers and regionals offices to provide service across the country.

ii. Regulation

a) Registration of Contractors

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

Table 1: Registered Contractors (by Certificate) for FY 2021/2022

Category	Classes of Works						Valid 2021/22 certificates as % of registered certificates
	Roads	Water	Buildings	Electrical	Mechanical	Total	
NCA1-local	309	202	460	221	170	1,362	72.9%
NCA2	327	202	429	106	81	1,145	63.1%
NCA3	539	319	581	146	98	1,683	58.3%
NCA4	1,664	1,074	1,865	388	285	5,276	47.4%
NCA5	2,154	1,250	2,243	320	265	6,232	46.2%
NCA6	3,863	2,047	3,610	408	284	10,212	40.6%
NCA7	3,592	1,760	3,407	383	181	9,323	31.4%
NCA8	5,382	3,227	6,348	472	220	15,649	26.3%
Total	17,830	10,081	18,943	2,444	1,584	50,882	34.8%

To ensure that the Authority responds appropriately to the dynamic environment in which it operates, the Authority has initiated the process of

reviewing the enabling Act and the subsequent regulations. This will ensure that we respond accordingly to the new developments within the industry.

b) Foreign Contractors

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

Category	Classes of Works						Valid 2021/22 certificates as % of registered certificates
	Roads	Water	Buildings	Electrical	Mechanical	Total	
NCA1-foreign	10	2	12	1	-	25	3.4%

The number of foreign contractors registered FY 2021/2022 was 25. The Authority undertakes to ensure that foreign contractors strictly adhere to the regulatory requirements that govern their professional undertakings in the Kenyan construction Industry in accordance to the NCA Act 2011 and Regulations 2014.

c) Accreditation of Skilled Workers and site supervisors

Section 5(2) (i) of the National Construction Authority Act No 41 of 2011, mandates the Authority to accredit and certify construction workers and construction site supervisors. This is geared towards ensuring that the industry has qualified and competent manpower with the right mix of skills. In the FY 2021/2022 the Authority accredited 28,512 skilled workers and 1,410 site supervisors in the construction industry across the different trades.

iii. **Training and Capacity Building**

The Authority conducted training and capacity building programmes with a total participation of 33,129 contractors, construction works and site supervisors in the FY. 2021/2022.

a. Construction Workers

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

Several CTD (Continuous Technical Development) Programs for construction workers were conducted as follows: On-site Safety Trainings, Road Safety Training, Exit & Mentorship and collaborative programs with industry stakeholders. A total of **15,068** construction workers were trained

b. Site Supervisor

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.

Under the Online CTD (Continuous Technical Development) Programs, a total of **6,257** site supervisors were trained.

c. 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 each registered contractor to acquire a minimum of 10 CPD points every year by attending NCA organized trainings or NCA accredited training programs offered by other industry institutions.

In the FY. 2020/2021, various CPD (Continuous Professional Development) Programs were conducted as follows: NCA Regional CPD Seminars, Accredited CPD Training Providers Program, Online CPD Program and collaborative CPD trainings with NMS & NTSA. The Authority also recognized several activities as CPD events such as: ICORCE, Business to Business events and collaborative sensitizations forums. A total of 11,804 Contractors participated in the FY. 2021/2022 CPD activities and events.

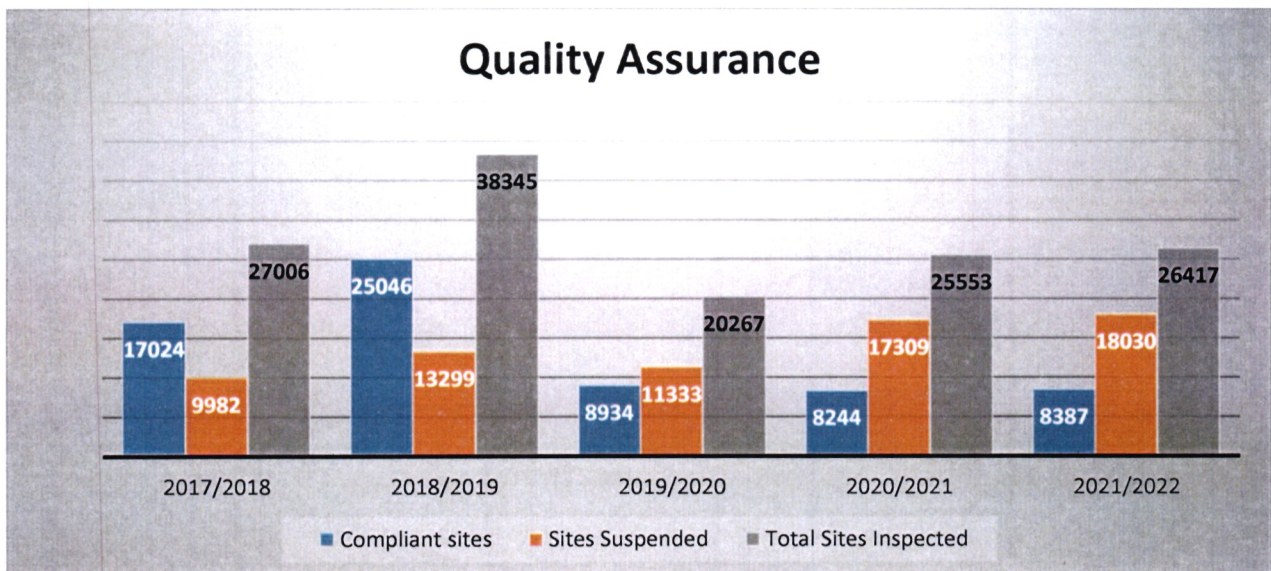
iv. Quality Assurance and Compliance

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 years under review, the Authority carried out site inspections across the country to ensure compliance with the construction laws and regulations. All the non-compliant sites are suspended and Suspension of Works Order issued. Upon compliance with the requirements as per set checklist, a Lifting of suspension of Works Order is issued. The figures below indicate evidences of performance for the financial years under review.

National Summary for Project Registration & Quality Assurance Quarter FY 2021/2022

Activity		Q1	Q2	Q3 1 st Jan- 31 st Mar	Q4	Achievement for FY	% Of Annual Target
		1 st Jul - 30 th Sep	1 st Oct - 31 st Dec		1 st Apr - 30 th Jun		
QUALITY ASSURANCE	26,000 Site Inspections	7036	5503	7833	6045	26,417	102%
	Site Suspended	4880	4048	5110	3992		
PROJECT REGISTRATION	Applications received	951	1629	1602	2012	3,890	97%
	4,000 Approved Applications	742	793	1204	1151		

FINANCIAL YEAR	Compliant sites	Sites Suspended	% Compliance	Total Sites Inspected
2017/2018	17024	9982	63%	27006
2018/2019	25046	13299	65%	38345
2019/2020	8934	11333	44%	20267
2020/2021	8244	17309	32%	25553
2021/2022	8387	18030	32%	26417



During the current financial year FY2021/2022, the Authority managed to inspect a total of **26,417** construction sites against a target of **26,000** which translates to **102 %** of the annual target. Out of the total sites inspected, **18,030** were suspended.

The highest percentage of the projects inspected were found to be non-compliant with the major issues being lack of registered contractor on site, personal protective equipment and absence of professionals supervising the works.

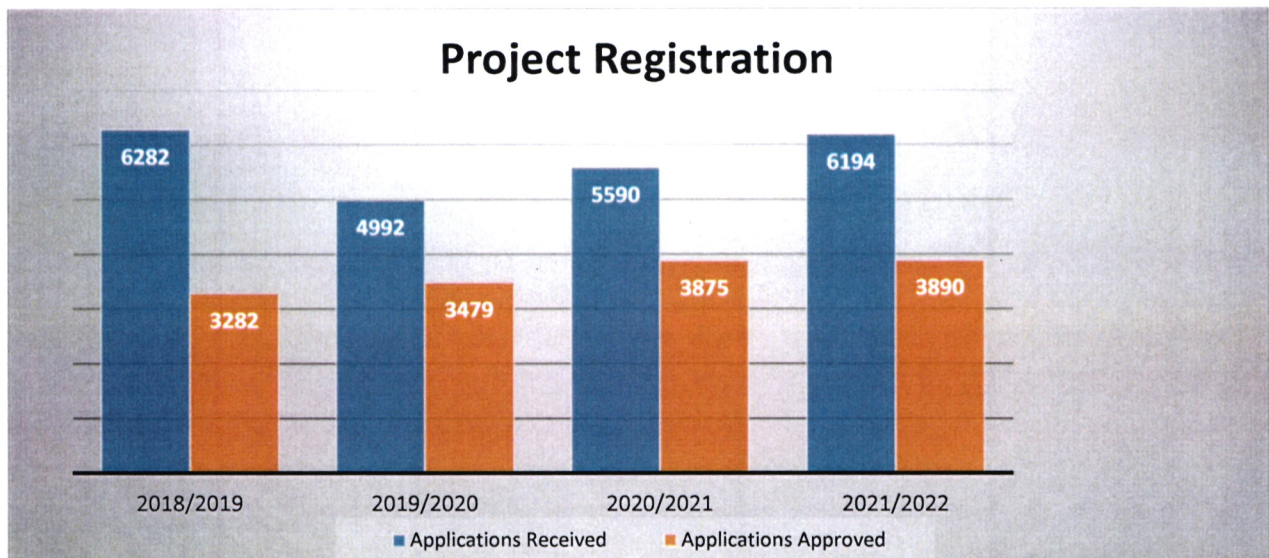
a) Project Registration

The Authority under Section 5(2) (i) of the NCA act 2011 is mandated to initiate and maintain a construction industry information system. During the financial

years under review, the Authority registered a number of construction projects as shown on the table below.

Table 2

FINANCIAL YEAR	Applications Received	Applications Approved	% of approvals
2018/2019	6282	3282	52%
2019/2020	4992	3479	70%
2020/2021	5590	3875	69%
2021/2022	6194	3890	63%



During the current financial year 2021/2022 the Authority registered a total of **3,890** construction projects against a target of **4,000** which translates to **97%** of the annual target. Of the **6,194** applications received, **2,319** were returned to the applicants for their review.

v. Service Delivery

a. Human Resource

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

As required 70% of the total HR strength constitutes technical staff while the rest offer support services. Currently the Authority has presence 14 regional and 13 liaison offices across the country. The Authority received approval from the office of the Head of Public Service and the National Treasury to fill 19 additional positions in the establishment which will be done in 2022/2023 financial year. In keeping with the government policy and the spirit of providing opportunities for the youth, the Authority has been working closely with the Public Service Commission and the ICT Authority to place young graduates on an internship programme. Currently, there are 24 interns spread across the Authority's offices. In the last financial year, 46 diploma holders were engaged on apprenticeship to learn on the job in the Authority's regional and liaison offices. The Authority is currently at the tail end of engaging 50 diploma holders in line with the performance contract. Further, working with various institutions, universities and colleges across, the Authority has consistently provided opportunities for industrial attachment to students as partial fulfillment for their graduation.

b. Public Awareness and Sensitization Campaigns

(i) Stakeholder Engagement

The Authority held a successful a one day Media sensitization workshop that was attended reporters, journalists and editors from the country's major news outlets. The workshop was intended at fostering mutually beneficial relationships that will ultimately among other things, aid in times of crisis control and build the media's capacity to knowledgeably and accurately inform the public on dynamics of the construction industry.

(ii) Resolution of Public Complaints

The Authority actively resolves all complaints channeled, in accordance to guidelines from the Commission on Administrative Justice.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Sustainability strategy and profile

a) Anti-Corruption Policy

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

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

b) Sustainability of NCA

In order to sustain its operations, the National Construction Authority has in place its Strategic Plan. 2020-2025. It provides a blueprint that will enable the organization to provide proper strategic direction in Kenya's dynamic construction industry. The Strategic Plan is therefore imperative as it avails an opportunity to outline strategies for tackling the challenges anticipated, recognizing the past lessons learnt, and identifying the performance gaps witnessed in the recent past while effectively

determining the critical success factors that should subsequently inform future planning. Based on this contextual analysis, the Authority formulated its strategic objectives it will pursue over the next five years, while consistently engaging key stakeholders at all levels.

c) Competitiveness of NCA

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

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

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

ii) Environmental performance

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

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

- (a) Partnering with Kenya Green Building Society on waste management and put in place measures to promote adoption of green building concepts in the country.
- (b) The Authority also has an annual plan to support the government efforts to increase the forest cover by planting trees. The Authority organized a staff tree planting day at Ministry of Works where staff participated in tree planting.
- (c) Adopted and implemented an office open plan system as a way of promoting energy conservation mechanisms in an effort to promote a green environment.
- (d) Tree Planting;

As per Authority's performance contract, tree planting activities were successfully undertaken in the 13 regional offices, planting almost 9,595 tree seedlings.

The tree planting exercise was in line with the implementation of the presidential directive and national strategy for achieving over 10% tree cover by 2022 in the country. The Authority, in order to ensure sustainability of planting and nurturing the trees, collaborated with the Kenya Forest Service.

Tree planting activities in the regions were done as follows:

COUNTY	LOCATION	NO. OF SEEDLINGS
Mombasa	Shimo la Tewa Primary School	800
Malindi	Sabaki Estuary Conservation	800
Kwale	Hon Mweshetani	800
Nakuru	Prison Compound and Menengai	1250

	Forest	
Kisii	Rutembe Forest	800
Kisumu	Ngutu Primary School	800
Kitui	Mwambani Primary School	800
Garissa	NEP Girls Secondary School	300
Nyeri	Gathiuru Forest	500
Embu	Njukiri Forest	625
Isiolo	Waso Primary School	500
Kakamega	Kakamega Forest (Irechelo)	800
Uasin Gishu	Kapsaret Forest	820
		Total 9,595

Kenya Forest Service was responsible for sourcing the seedlings, mobilization of casuals for site clearance, pitting, planting and nurturing the seedlings to ensure minimal loss. The Authority catered for costs incurred. The collaboration was successful and the Authority hopes to receive progress reports on the exercise.

iii) Employee welfare

The Authority has a robust hiring policy whose statement is to recruit staff on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities. The current gender ratio at the Authority is 39:61 in favour of male employees. However, our target is to eventually achieve 50/50 for either gender. The Authority has constantly reviewed the Human Resource Policies and procedures to align them with the various government circulars and legislations. Necessary consultations and stakeholder participation are usually conducted during such reviews to ensure that the policies are all inclusive and have a buy-in among the public and the immediate stakeholders.

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

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

iv) Market place practices

a) Responsible competition practice

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 mandates. The Authority has fully automated the processes for registration of contractors with registration process being competitive in line with the approved evaluation criteria. The contractors are registered under different class of works under different categories (NCA1 -NCA8 with NCA 1 being the highest category and NCA 8 the lowest) dependent on their capacity thus promoting fair competition in the industry.

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

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

d) Product stewardship

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

v) Corporate Social Responsibility /Community engagements

The Authority in partnership with the State Department of Early Learning and Basic Education launched the Ujenzi Club, meant to engage students at primary, secondary and tertiary levels in order to sensitize them on safe construction practices and encourage uptake of construction-based careers. The Ujenzi Club is an initiative aligned to the pillars of the new curriculum which is inclined to Science, Technology, Engineering and Mathematics Stream (STEM). The club aims at introducing construction concepts to students at a young age and encouraging the pursuit of construction related careers /trades. The club was piloted in Upper Hill Secondary School. The Club will be rolled out across the country in the coming financial

10. REPORT OF THE DIRECTORS

The Directors submit their report together with the financial statements for the year ended June 30th, 2022 which show the state of the National Construction Authority affairs.

i) Principal Activities

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

ii) Results

The results of the National Construction Authority for the year ended June 30th 2022 are set out on page 1 to 6.

iii) Directors

The members of the Board of Directors who served during the year are shown on page xi to xviii. During the financial year, Ms. Mercy Okiro, Mr. Peter Musango, Mr. Kalpesh Hirani, Mr. Kennedy Sagini and Mr. Waweru Gathecha were appointed as Board Members for a period of three (3) years with effect from 6th October 2021.

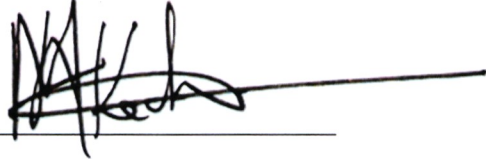
iv) Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority in arrears remitted Kshs 544,627,287 in the FY 2021/2022 to the Consolidated Fund. The declared surplus to be remitted to the fund for the FY 2021/2022 is Kshs. 32,273,430 as reported in the statement of financial performance.

v) Auditors

The Auditor General is responsible for the statutory audit of the National Construction Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Eng. Maurice Akech, MBS

Executive Director/Secretary to the Board

Nairobi

Date:

11. STATEMENT OF DIRECTORS RESPONSIBILITIES

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

The Board is responsible for the preparation and presentation of the Authority financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2022.

This responsibility includes:

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

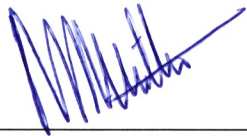
The Board accepts responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sectors Accounting Standards (IPSAS), and in the manner

required by the PFM Act and the State Corporations Act. The Board is of the opinion that the Authority's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30th, 2022, 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.

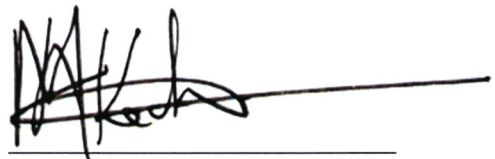
Nothing has come to the attention of the Board to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 23 / 09 / 2022 and signed on its behalf by:

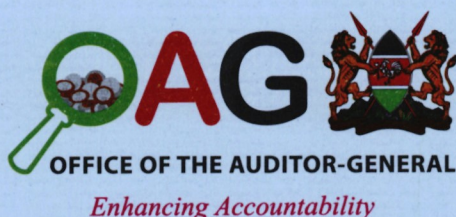


Qs. David Gaitho
Chairperson of the Board



Eng. Maurice Akech, MBS
Executive Director

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL CONSTRUCTION AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Construction Authority set out on pages 1 to 44, which comprise of the statement of financial position as at

30 June, 2022, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Construction Authority as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the National Construction Authority Act, 2011.

Basis for Qualified Opinion

1. Cash and cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.263,390,306 which as disclosed in Note 23(a) to the financial statements includes staff car and mortgage balance with a local bank of Kshs.102,099,092. However, review of the bank reconciliation statement for the month June,2022 provided for audit revealed reconciled cashbook balance of Kshs.904,291 resulting to an unreconciled balance of Kshs.101,194,801.

In the circumstances, the accuracy and completeness of the staff car loan and mortgage balance of Kshs.102,099,092 could not be confirmed.

2. Unsupported Expenditure on Use of Goods and Services

The statement of financial performance reflects use of goods and services expenditure totalling Kshs.937,381,403. Included in the expenditure is travelling and accommodation, research, contractors training and capacity building and professional and consultancy expenditure amounting to Kshs.138,332,879, Kshs.239,454,233 and Kshs.13,632,580 out of which schedules provided did not have details of payees and activities undertaken for expenditure totaling Kshs.18,624,000, Kshs.26,238,263 and Kshs.8,165,649 respectively.

In the circumstances, the accuracy and completeness of expenditure totaling to Kshs.80,007,152 could not be confirmed.

3. Receivables from Non-Exchange Transactions

3.1 Long Outstanding Receivables

The statement of financial position reflects net receivables from non-exchange transactions balance of Kshs.1,133,662,761 as disclosed in Note 21 to the financial

statements includes gross debtors balance of Kshs.1,659,273,434. However, supporting schedules provided for the gross debtors was not aged. Review of the debtors ledger reveals an opening balance of Kshs.1,658,223,424 which has been outstanding for more than one year.

Further, included in the receivables from non-exchange transactions balance is sundry debtors balance of Kshs.3,584,700. Review of the supporting documents revealed that the balance was a borrowing by the State Department for Public Works vide a letter dated 31 October, 2018 to assist in Medium Term Expenditure Framework (MTEF) sector activities. The amount was to be reimbursed to the Authority upon operationalization of the budget vote. Although Management requested for reimbursement from the Department vide two letters referenced NCA3/6/Vol.1/2018(73) dated 15 March, 2019 and NCA3/6/Vol.v (20), the State Department had not reimbursed the amount borrowed as at 30 June, 2022.

In the circumstances, the accuracy, completeness recoverability of gross debtors amounting to Kshs.1,658,223,424 and the sundry debtors' balance of Kshs.3,584,700 could not be confirmed.

3.2 Prepayments-Payment to Konza Technopolis Development Authority

Included in Note 21 of the financial statements is a prepayment balance of Kshs.66,884,838 out of which Kshs.6,179,843 relates to a payment to Konza Technopolis Development Authority (KoTDA). Review of documents provided revealed that the payment was made on 21 September, 2020 for the purchase of 6.4 acres of land in respect of the proposed Centre for Construction Industry Development (CCID). However, The National Treasury through a letter dated 27 November, 2020 advised Authority to engage KoTDA for allocation of 6.4 acres at no cost since the CCID project is for the public use and KoTDA had been allocated land by the Government at no cost for such projects. Although the prepayment was made before the National Treasury advisory was given, the Authority had not claimed the prepaid balance as at the time of the audit.

In the circumstances, the regularity of the prepayment balance of Kshs.6,179,843 to the Konza Technopolis Development Authority could not be confirmed.

4. Failure to Revalue Fully Depreciated Assets

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment net book value balance of Kshs.200,515,907. However, assets with a total historical cost of Kshs.402,163,221 were fully depreciated but still in use. Management has not explained why the assets were not revalued and included in the property, plant and equipment.

In the circumstances, the accuracy and completeness of property, plant and equipment net book value balance of Kshs.200,515,907 could not be confirmed.

5. Trade and Other Payables

The statement of financial position and as disclosed under Note 26 to the financial statements reflects trade and other payables balance of Kshs.467,051,481 as at 30 June, 2022. The balance comprises of accounts payables amounting to Kshs.181,280,333, provisions and accruals of Kshs.235,714,904, prepaid levy of Kshs.24,251,869, sundry creditors Kshs.22,658,866 and receipts in advance Kshs.3,045,509. However, detailed breakdown and ageing analysis of the payable balances was not provided for review.

In addition, prepaid levy of Kshs.24,251,869 has been long outstanding and no explanation has been provided by Management on who is owed the monies and why the amount has not been surrendered to Unclaimed Financial Assets Authority.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.467,051,481 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,246,000,000 and Kshs.2,008,943,000 respectively, resulting to an underfunding of Kshs.237,057,000 or 11% of the budget. Similarly, the Authority's actual recurrent expenditure for the year amounted to Kshs.1,981,958,000 against budgeted expenditure of Kshs.1,943,000,000 resulting to over absorption of Kshs.38,958,000 or by 2% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

2. Failure to Comply with 30% Affirmative Action for Board of Directors

Review of the board composition revealed that out of 11 members of the board, 10 (90.9%) members are of the same gender against the requirement that not more than

70% of the members should be of the same gender. This contravened Office of the President Circular Ref OP/CAB.13/15A dated 7 November, 2006 which directs State Corporations to comply with "at least" 30% affirmative action for women for new appointments for Directors of the Boards and Chief Executives.

In the circumstances, the composition of the Board was not in accordance with the President Circular Ref OP/CAB.13/15A dated 7 November, 2006

3. Unresolved Prior Year Audit Matters

In the audit report of the previous year, a number of issues were raised under the Report on the Financial Statements and the Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given explanations for failure to do so, as part of the contents provided for in the reporting format prescribed by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Implementation of the Centre for Construction Industry Development) Project

Included in the property, plant and equipment balance of Kshs.200,515,907 is capital work in progress balance of Kshs.73,039,917. Review of records maintained by the Authority revealed that, these are expenses in respect of the proposed Centre for Construction Industry Development (CCID). The amount includes expenses on daily subsistence allowances, preparation of detailed designs and geotechnical investigation services. However, the designs developed, specifications and geotechnical investigation reports were not provided for audit. Further, Management, has not explained why the works on the project have not commenced two and a half years after the project was initiated,

In the circumstances, value for money obtained on the expenditure of Kshs.73,039,917 already incurred on the project could not be confirmed.

2. Failure to Prepare Separate Financial Statements for Car Loan and Mortgage Schemes

During the year under review, Management did not prepare separate financial statements for the car loan and mortgage schemes. However, the Funds operations were reported

together with the Authority's financial statements. This contravened Regulation 221. (1) of the Public Finance Management (National Government) Regulations 2015 which states that the accounting officer for a national government entity listed in Schedule 2 and 3 shall prepare and submit annual financial and non-financial statements in the format gazetted by the Cabinet Secretary within three months to the Auditor General with copies to the responsible Cabinet Secretary and the National Treasury.

Management was therefore in breach of the law.

3. Non-Compliance to One Third Basic Pay Rule in Payment of Staff Salaries

Review of sampled payroll data for the months July, 2021, October, 2021, February, 2022 and 30 June, 2022 revealed that twenty-eight (28) members of staffs had net salaries less than one-third of their basic pay contrary to Section 19(3) of the Employment Act, 2007 and section 5.6.3 (v) of the Authority's human resource manual.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Weaknesses in Information Communication Technology (ICT)

The Authority uses the Regulatory Construction Information System (RCIS) for contractor registration, renewal of contractor licenses, contractor and artisan training registration and accreditation of skilled workers and site supervisors. The system is supposed to seamlessly integrate with the E-Citizen platform for payments including direct deposits. However, review of the system revealed the direct deposits have not been integrated to the E-Citizen platform and RCIS. Further record of certificates issued out to various

categories of contractors with details of the serial numbers in the year under review were not provided for audit.

In the circumstances, Authority's integration of the various income recording systems in use to ensure accurate, reliable and timely information was not effective.

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

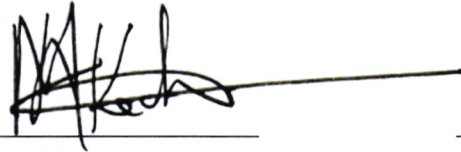
Nairobi

05 May, 2023

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2022

		2021/22	2020/21
	Note	KShs.	KShs.
Revenue from non-exchange transactions			
Transfers from other government entities	6	1,260,000,000	1,263,000,000
Contractors Application fees	7	53,014,894	73,504,416
Contractors Registration fees	8	580,329,864	655,025,533
Registration of Workers	9	660,000	90,000
Upgrade fees	10	54,189,532	74,305,000
		1,948,194,290	2,065,924,949
Revenue from exchange transactions			
Conferences and Workshops	11	49,745,350	37,216,006
Consultancy		-	-
Investment Income	12	9,527,964	27,743,502
Other Income	13	1,475,770	-
Total Revenue		2,008,943,374	2,130,884,458
Expenses			
Use of goods and services	14	937,381,403	898,287,968
Employee costs	15	895,340,240	752,536,690
Board expenses	16	45,695,121	38,421,071
Repairs and Maintenance	17	39,600,540	32,192,728
Depreciation	18	63,625,767	62,399,510
Taxes	19	314,991	276,235
Total Expenses		1,981,958,062	1,784,114,203
Other gains/(losses)			
Gain on foreign exchange transactions	20	8,874,054	1,509,366
Surplus/(Deficit) for the period		35,859,366	348,279,621
Remission to National Treasury			
Net Surplus for the Year		35,859,366	348,279,621
Attributable to:			
Surplus/(deficit) attributable to minority interest		3,585,937	34,827,962
Surplus attributable to owners of the controlling Entity		32,273,430	313,451,659
		35,859,366	348,279,621

The notes set out on pages 8 to 50 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



Eng. Maurice Akech, MBS

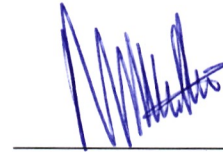
Executive Director



CPA. Christine Kirimi

**Manager Finance &
Accounts**

ICPAK No. 5512



Qs. David Gaitho

Chairperson of the Board

14. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

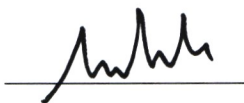
	Note	2021/22	2020/21
		KShs.	KShs.
ASSETS			
Current Assets			
Receivables from non-exchange transactions	21	1,133,662,761	1,176,030,249
Investments	22	-	15,140,532
Cash & Cash Equivalents	23	263,390,306	595,312,879
Total Current Assets		1,397,053,067	1,786,483,660
Non-Current Assets			
Property, Plant & Equipment	24	200,515,907	177,001,646
Intangible Assets	25	168,814,481	173,514,481
Total Non-Current Assets		369,330,388	350,516,127
TOTAL ASSETS		1,766,383,454	2,136,999,787
LIABILITIES			
Current Liabilities			
Trade and other Payables	26	467,051,481	324,718,777
Total Current Liabilities		467,051,481	324,718,777
NET ASSETS		1,299,331,974	1,812,281,010
-			
Reserves		20,000,000	20,000,000
Accumulated Surplus		1,279,331,974	1,792,281,010
TOTAL NET ASSETS AND LIABILITIES		1,299,331,974	1,812,281,010

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



Eng. Maurice Akech, MBS

Executive Director



CPA. Christine Kirimi

**Manager Finance &
Accounts**

ICPAK No. 5512



Qs. David Gaitho

Chairperson of the Board

15. STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED JUNE 30, 2022

		Accumulated Surplus	Revenue Reserves	Totals
	Note	KShs	KShs	KShs
As at 1st July, 2020		1,444,001,390	-	1,444,001,390
Surplus for the year		348,279,621	-	348,279,621
Capital Grants		-	20,000,000	20,000,000
As at 30th June, 2021		1,792,281,010	20,000,000	1,812,281,010
As Restated				
Prior year adjustments		(4,181,116)		(4,181,116)
Surplus Remittance		(544,627,287)		(544,627,287)
As Restated		1,243,472,607	20,000,000	1,263,472,607
As at 1st July, 2021		1,243,472,607	20,000,000	1,263,472,607
Surplus/(Deficit) for the year		35,859,366		35,859,366
As at 30th June, 2022		1,279,331,974	20,000,000	1,299,331,974

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities		1,260,000,000	1,263,000,000
Contractors Application fees		53,014,894	73,504,416
Contractors Registration fees		580,329,864	655,025,533
Registration of Workers		660,000	90,000
Upgrade fees		54,189,532	74,305,000
Conferences and Workshops		49,745,350	37,216,006
Consultancy		-	-
Investment Income		9,527,964	27,743,502
Other Income		1,475,770	-
Total Receipts		2,008,943,374	2,130,884,458
Payments			
Use of goods and services		937,381,403	898,287,968
Employee costs		895,340,240	752,536,690
Board expenses		45,695,121	38,421,071
Repairs and Maintenance		39,600,540	32,192,728
Taxes		314,991	276,235
Total payments		1,918,332,295	1,721,714,693
Gain on foreign exchange transactions		8,874,054	1,509,366
Impairment		4,700,000	
Net cash flows from/(used in) operating activities		104,185,133	410,679,131
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(87,140,027)	(55,668,733)
Purchase of investments		-	(15,140,532)
Decrease in non-current receivables		42,367,488	249,818,368
Decrease in Trade payables and accruals		142,332,704	(30,764,393)
Sale of investments		15,140,532	194,885,231
Net cash flows from/(used in) investing activities		112,700,696	343,129,942
Cash flows from financing activities			
Proceeds from borrowings		-	-
Remittance of Surplus		(544,627,287)	(772,218,746)

Prior Year Adjustment		(4,181,116)	(133,020,244)
Net cash flows from financing Activities		(548,808,403)	(905,238,990)
Net increase/(decrease) in cash & Cash Equivalent		(331,922,574)	(151,429,918)
Cash and cash equivalents at 1 July 2021		595,312,879	746,742,797
Cash and cash equivalents at 30 June 2022		263,390,305	595,312,879

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	Original budget Ksh "000" a	Adjustments KShs "000" b	Final Budget Ksh "000" c=(a+b)	Actual on Comparable basis Ksh "000" d	Performance Difference Ksh "000" e=(c-d)	% of utilisation f=d/c
Revenue						
Transfers from other government agencies	1,260,000	-	1,260,000	1,260,000	-	100%
Donor grants	300,000	(280,000)	20,000	-	(20,000)	0%
Contractors Application	71,300	-	71,300	53,015	(18,285)	74%
Contractors Registration	791,230	-	791,230	634,519	(156,711)	80%
Conferences and Workshops	86,000	-	86,000	49,745	(36,255)	58%
Registration of Workers	700	-	700	660	(40)	94%
Consultancy	5,425	-	5,425	-	(5,425)	0%
Investment Income	8,738	-	8,738	9,528	790	109%
Miscellaneous income	2,607	-	2,607	1,476	(1,131)	57%
Total Income	2,526,000	(280,000)	2,246,000	2,008,943	(237,057)	89%
Expenses						
Use of goods and services	944,725	(45,080)	899,645	937,381	37,736	104%
Employee Costs	905,665	(1,720)	903,945	895,340	(8,605)	99%
Board Expenses	20,000	20,800	40,800	45,695	4,895	112%
Repairs and Maintenance	41,610	(4,000)	37,610	39,601	1,991	105%
Depreciation	61,000	-	61,000	63,626	2,626	104%
Taxes	-	-	-	315	315	
Total Expenditure	1,973,000	(30,000)	1,943,000	1,981,958	38,958	102%
Other gains/(losses)						
Gain on foreign exchange transactions	-	-	-	8,874	8,874	
Surplus for the Period	553,000	(250,000)	303,000	35,859	(189,225)	

18. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

1. General Information

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

2. Statement of compliance and basis of preparation

The financial statements have been prepared on 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.

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

Standard	Effective date and Impact
Other Improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • IPSAS 39: Employee Benefits <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

iii. Early adoption of standards

The Authority did not adopt any new or amended standards in year 2021-2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**4. Summary of Significant Accounting Policies****a) Revenue recognition*****i. Revenue from non-exchange transactions*****Fees**

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.

Transfers/Grants from Government and other Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Summary of Significant Accounting Policies (Continued)*****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

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

b) Budget Information

The original budget for FY 2021-2022 was approved by the National Assembly on June 11, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs 20 Million on the 2021-2022 budget following the board's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Summary of Significant Accounting Policies (Continued)**

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) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the

Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Summary of Significant Accounting Policies (Continued)**

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) 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.

The Authority in the period under review has assessed its intangible assets as with definite useful life in the financial statements and the carrying amounts have been disclosed in Note 25 in the financial statements. The impairment relates changes in circumstances as to the use of the software and accounted for in line with IPSAS 3 on changes in accounting policies estimates and errors.

e) Provisions

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Summary of Significant Accounting Policies (Continued)**

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.

f) 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.

g) 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.

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The reserves maintained by the Authority is meant to support its capital and development projects.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

i) Changes in accounting policies and estimates

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

j) Employee benefits -Retirement benefit plans

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

k) Foreign currency transactions

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

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 Authority, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors, the Executive Director and Senior Managers.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

m) 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.

n) Comparative figures

Where necessary comparative figures for the previous financial year 2019/2020 have been amended or reconfigured to conform to the required changes in presentation.

o) 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, 2021.

p) Depreciation Policy

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

The annual depreciation rates in use are: -

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**5. Significant Judgments and Sources of Estimation Uncertainty**

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

Estimates and assumptions

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

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Entity

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Significant Judgments and Sources of Estimation Uncertainty (Continued)**

- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
6. Transfers from other government entities

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.

Description	2021/22	2020/21
	KShs.	KShs.
Transfers from other government entities	1,260,000,000	1,263,000,000
Total	1,260,000,000	1,263,000,000

i. 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 Public Works and shown in the schedule below;

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognized in capital fund	Total transfers 2021/2022	Prior year 2020/2021
	Kshs	Kshs	KShs	KShs	KShs
State Department of Public Work	1,260,000,000	-	-	1,260,000,000	1,263,000,000
Total	1,260,000,000	-	-	1,260,000,000	1,263,000,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. 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.

Description	2021/22 KShs.	2020/21 KShs.
Contractors Application Fee	53,014,894	73,504,416
Total	53,014,894	73,504,416

2. Contractors Registration Fees

The Authority registers contractors through new registration and annual renewal of registration in different classes and categories depending on their qualifications and experiences. The categories of registration ranges from NCA 8 being the lowest to NCA 1 being the highest with the registration fees ranging from Kshs 5,000.00 to Kshs 100,000.00 for new applications and Kshs 2,500.00 to Kshs 30,000.00 for renewal applications respectively. Foreign contractors the registration fee is USD2,500 and USD1,500 for renewal. The registration certificate issued is valid for a period of 3 years and renewable every year.

Description	2021/22 KShs.	2020/21 KShs.
Contractors Registration/Renewal	580,329,864	655,025,533
Total	580,329,864	655,025,533

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. 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

Description	2021/22	2020/21
	KShs.	KShs.
Registration of Workers	660,000	90,000
Total	660,000	90,000

4. Upgrade fees

The upgrade fees relates to application and registration fees charged on contractors applying for a category upgrade.

Description	2021/22	2020/21
	KShs.	KShs.
Upgrade fees	54,189,532	74,305,000
Total	54,189,532	74,305,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Revenue from Exchange Transactions
11. Conferences & Workshops

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

Description	2021/22	2020/21
	KShs.	KShs.
Conferences & Workshops	49,745,350	37,216,006
Total	49,745,350	37,216,006

12. Investment Income

The Authority has negotiations with its banks for payment of interest on credit balances at prevailing market interest rates.

Description	2021/22	2020/21
	KShs.	KShs.
Credit Interest	9,527,964	27,743,502
	9,527,964	27,743,502

13. Other Income

The incomes earned relates to disposal of assets and sponsorship fees for International Construction Research Conference and Exhibition.

Description	2021/22	2020/21
	KShs.	KShs.
Tender	225,770	-
Sponsorship	1,250,000	-
		-
Total	1,475,770	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)
14. Use of goods and services

Description	2021/22	2020/21
	KShs.	KShs.
Security and cleaning	21,865,079	22,658,364
Utilities Supplies & Services	4,655,524	4,465,064
Rent	66,869,408	63,611,779
Staff Welfare & Hospitality	35,102,669	33,179,594
Research, Contractors Training and Capacity Building	239,454,233	208,835,028
Office & Gen. Supply & Services	114,120,964	81,184,025
Fuel and Lubricants	24,138,985	24,413,362
Professional and consultancy Fees	13,632,580	28,770,623
Subscriptions and Licenses	28,095,453	28,766,108
Provision for Bad Debts	80,000,000	150,000,000
Insurance	90,840,142	72,116,907
Advertising	59,354,359	82,391,730
Travelling and Accommodation	138,332,879	71,235,080
Communication	20,919,128	26,660,304
Total	937,381,403	898,287,968

15. Employee Costs

The employee costs comprise of the following

Description	2021/22	2020/21
	KShs.	KShs.
Salaries & Wages	736,547,090	639,704,205
Employer Pensions	56,781,885	54,436,522
Training and Capacity Building	72,672,989	50,327,935
Provision for Gratuity (Note 27)	29,338,276	8,068,029
	895,340,240	752,536,690

NOTES TO THE FINANCIAL STATEMENTS (Continued)
16. Board Expenses

The Board expenses for the year were as stated below;

Description	2021/22	2020/21
	KShs.	KShs.
Chairman Honoraria	1,044,000	1,044,000
Sitting Allowances	17,203,200	18,173,000
Training Expenses	2,955,766	-
Travel and Accommodation	14,681,027	9,468,200
Executive Remuneration	9,160,000	8,750,000
Other expenses	651,128	210,121
Medical expenses	-	775,750
	45,695,121	38,421,071

17. Repairs and Maintenance

	2021/22	2020/21
	KShs.	KShs.
Motor vehicles	20,500,888	11,220,734
Plant, machinery & equipment	-	8,000
Office furniture & equipment	849,659	199,686
Buildings-non-residential	2,245,908	18,629,926
Computers & ICT Equipment	16,004,085	2,134,383
Total	39,600,540	32,192,728

18. Depreciation

Description	2021/22	2020/21
	KShs.	KShs.
Motor Vehicle	27,282,153	26,006,889
Furniture and Fittings	26,547,117	27,204,568
Computers and ICT Equipment	7,943,751	7,560,746
Office Equipment	1,852,745	1,627,306
Total	63,625,767	62,399,510

NOTES TO THE FINANCIAL STATEMENTS (Continued)**19. Taxes**

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

20. Gain on foreign exchange transactions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
21. Receivables from non- exchange transactions

Description	2021/22	2020/21
	KShs.	KShs.
(i) Receivables		
Deposits	205,000	205,000
Debtors	1,659,273,434	1,658,223,424
Less: Impairment allowance	(968,902,185)	(888,902,185)
Salary Advance	1,788,603	1,340,159
Outstanding Imprests	6,615,089	3,816,459
Prepayments	66,884,838	57,109,508
Sundry Debtors	3,584,700	3,584,700
	769,449,480	835,377,066
(ii) Accrued Income		
Interest Income	-	1,117,714
Ecitizen payments	11,261,492	3,804,752
Accrued Mortgage recoveries	6,301,618	-
	17,563,110	4,922,466
(ii) Staff Schemes		
Mortgages	323,943,455	313,496,470
Car Loan	22,706,716	22,234,247
	346,650,171	335,730,717
Total	1,133,662,761	1,176,030,249

21. (a) Reconciliation for impairment allowance on receivables from No-exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	888,902,185	738,902,185
Additional provisions during the year	80,000,000	150,000,000
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	968,902,185	888,902,185

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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. Review of sample of the files for the levy fees revealed gaps that may affect the recoverability of the debts hence the management made additional provision for bad and doubtful debts of Kshs 80 Million for the period under review.

22. Investments

The Authority invested funds not in immediate use both in Commercial Bank of Africa and Central Bank as follows. The investments as at 30th June 2021 were as follows

Description	2021/22 KShs.	2020/21 KShs.
Fixed Deposit Receipt Account (KShs)	-	2,287,301
Treasury Bills	-	-
Fixed Deposit Receipt Account (USD)	-	12,853,230
Total	-	15,140,532

23. Cash and Cash Equivalents

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

Description	2021/22 KShs.	2020/21 KShs.
Current Account	97,337,734	428,061,017
On-Call deposits	7,356,000	7,356,000
Staff Car loan/Mortgage	158,574,506	159,850,332
Cash in hand	122,065	45,530
Total	263,390,306	595,312,879

23(a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2021/22 KShs	2020/21 KShs
a) Current account			
Kenya Commercial bank	1136368019	17,659,861	172,648,721
NCBA Bank Kenya	7012550017	7,707,257	127,151,174
NCBA Bank Kenya	7012550059	7,102,342	7,109,542
NCBA Bank Kenya	7012550022	39,568,660	92,954,639
Co-operative Bank of Kenya	1141163043900	25,299,614	28,196,941
Sub- total		97,337,734	428,061,017
b) On -call deposits			
Kenya Commercial bank		7,356,000	7,356,000
Sub- total		7,356,000	7,356,000
b) Staff car loan/ mortgage			
Kenya Commercial bank	1178700763	102,099,092	114,988,620
Consolidated Bank	10011202000004	56,475,414	44,861,712
Sub- total		158,574,506	159,850,332
e) Others(specify)			
Cash in hand		122,065	45,530
		122,065	45,530
Grand total		263,390,306	595,312,879

NOTES TO THE FINANCIAL STATEMENTS (Continued)
24. Property, Plant and Equipment

	Motor Vehicles	Furniture & Fittings	Computer Equipment & Access	Office Equipment	Capital Work in Progress	Total
	KShs	KShs	KShs	KShs		KShs
Cost						
As At 01.07.2020	209,317,063	188,212,203	168,971,032	20,268,267	86,322,827	673,091,392
Adjustment	-	-	-	-	(86,322,827)	(86,322,827)
Additions	65,527,208	32,130,315	8,642,751	2,511,626	33,179,660	141,991,560
Disposals	(4,532,600)	-	-	-	-	(4,532,600)
As At 30th June 2021	270,311,670	220,342,519	177,613,783	22,779,893	33,179,660	724,227,525
Adjustment	-	-	-	-	-	-
Additions	26,551,400	6,283,730	13,155,700	1,288,940	39,860,257	87,140,027
Disposals	-	(1,277,204)	(1,446,964)	(93,110)	-	(2,817,278)
As At 30th June 2022	296,863,070	225,349,045	189,322,519	23,975,723	73,039,917	808,550,274
Depreciation						
As At 01.07.2020	194,101,970	116,868,652	163,821,863	14,566,483	-	489,358,968
Period Charge	26,006,889	27,204,568	7,560,746	1,627,306	-	62,399,510
Write off	-	-	-	-	-	-
Disposal	(4,532,600)	-	-	-	-	(4,532,600)
As At 30th June 2021	215,576,260	144,073,220	171,382,610	16,193,789	-	-
Period Charge	27,282,153	26,547,117	7,943,751	1,852,745	-	63,625,767
Write off	-	-	-	-	-	-
Disposal	-	(1,277,204)	(1,446,964)	(93,110)	-	(2,817,278)
As At 30th June 2022	242,858,413	169,343,134	177,879,397	17,953,423	-	608,034,367
Net Book Value						
As At 30th June 2022	54,004,657	56,005,911	11,443,122	6,022,300	73,039,917	200,515,907
As At 30th June 2021	54,735,410	76,269,298	6,231,173	6,586,104	33,179,660	177,001,646

24. (b) Property, Plant and Equipment at Cost

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Capital Work in Progress	73,039,917	-	73,039,917
Motor Vehicles, Including Motorcycles	296,863,070	242,858,413	54,004,657
Computers And Related Equipment	189,322,519	177,879,397	11,443,122
Office Equipment	23,975,723	17,953,423	6,022,300
Furniture, And Fittings	225,349,048	169,343,137	56,005,911
Total	808,550,277	608,034,370	200,515,907

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

	Cost	Accumulated Depreciation
Office Equipment	9,194,907	9,194,907
Computer Equipment & Access	168,486,583	168,486,583
Furniture & Fittings	24,827,270	24,827,270
Motor Vehicles	199,654,461	199,654,461
Total	402,163,221	402,163,221

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
25. Intangibles

Description	2021/22	2020/21
	KShs.	KShs.
Cost		
At beginning of the year	174,205,691	174,205,691
Additions	-	-
At end of the year	174,205,691	174,205,691
Amortization and Impairment		
At the beginning of the year	691,210	691,210
Period Charge	-	-
Impairment	4,700,000	-
At end of the year	5,391,210	691,210
NBV	168,814,481	173,514,481

26. Trade and other Payables

Description	2021/22	2020/21
	KShs.	KShs.
Accounts Payables	181,380,333	4,979,745
Provisions and Accruals- Note 27	235,714,904	272,338,871
Prepaid Levy	24,251,869	24,251,869
Sundry Creditors	22,658,866	22,598,192
Receipts in Advance	3,045,509	550,100
	467,051,481	324,718,777

NOTES TO THE FINANCIAL STATEMENTS (Continued)
27. Current Provisions

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

	Gratuity	Audit Fees	Operating Expenses	Totals
	KShs	KShs		KShs
As at 1st July 2021	15,169,838	700,000	256,469,032	272,338,870
Provision for the year	29,338,276	700,000	41,537,423	71,575,699
Adjustments				-
Payments/Transfers				
Payments during the year	(4,608,708)	-	(103,590,957)	(108,199,665)
As at 30th June 2022	39,899,406	1,400,000	194,415,498	235,714,904

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

28. Prior Year Adjustments

The prior year adjustments relates to account restatement on accounting estimate errors and corrected in line with IPSAS 3.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**29. Financial Risk Management**

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority does not hedge any risks.

The Entity's financial risk management objectives and policies are detailed below:

i. Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Receivables from non-exchange transactions	1,133,662,761	443,291,512	610,371,249	80,000,000
Bank balances	263,390,306	263,390,306	-	-
Total	1,397,053,067	706,681,818	610,371,249	80,000,000
As at 30 June 2021				
Receivables from non-exchange transactions	1,176,030,249	406,709,009	619,321,239	150,000,000
Bank balances	595,312,879	595,312,879	-	-
Total	1,771,343,128	1,002,021,889	619,321,239	150,000,000

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

Notes to the Financial Statements (Continued)

Financial Risk Management

ii. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Accounts Payables	106,650,034	68,732,023	5,998,276	181,380,333
Provisions and Accruals	40,707,465	164,139,205	-	235,714,904
Prepaid Levy	-	-	24,251,869	24,251,869
Sundry Creditors	22,658,866			22,658,866
Receipts in Advance	-	2,495,409	550,100	3,045,509
Total	170,016,365	235,366,638	30,800,245	467,051,481
As at 30 June 2021				
Accounts Payables	4,979,745	-	-	4,979,745
Provisions and Accruals	111,644,786	145,524,246	15,169,839	272,338,871
Prepaid Levy			24,251,869	24,251,869
Sundry Creditors	22,598,192			22,598,192
Receipts in Advance	-	550,100	-	550,100
Total	139,222,723	146,074,346	39,421,707	324,718,777

Notes to the Financial Statements (Continued)

Financial Risk Management

iii. Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	1,279,331,974	1,792,281,010
Capital Reserve	20,000,000	20,000,000
Total Funds	1,299,331,974	1,812,281,010
Total Borrowings	-	-
Less: Cash And Bank Balances	263,390,306	595,312,879
Net Debt/(Excess Cash And Cash Equivalents)	(263,390,306)	(595,312,879)
Gearing	0%	0%

30. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

Notes to the Financial Statements (Continued)

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Government Agencies	1,044,377,778	1,044,377,778
County Government	26,257,541	26,257,541
Total	1,070,635,319	1,070,635,319
B) purchases from related parties		
Purchases of electricity from KPLC	4,421,232	4,295,279
Purchase of water from govt service providers	234,292	169,786
Rent expenses paid to govt agencies	4,788,720	4,788,720
Total	9,444,244	9,253,784
b) Grants /transfers from the government		
Grants from national govt	1,260,000,000	1,263,000,000
Grants from county government	-	-
Donations in kind	-	-
Total	1,260,000,000	1,263,000,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	36,535,121	29,671,071
Compensation to key management	96,919,000	95,744,000
Total	133,454,121	125,415,071

Notes to the Financial Statements (Continued)
31. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. ***In line with this legal requirement the Entity remitted Kshs 544,627,287 inclusive of surplus in arrears***

The Surplus Remission has been computed as follows:

	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the period	35,859,366	348,279,621
Less: Allowable deductions by NT	-	-
90% Computation (Included in Statement of Financial Performance)	32,273,430	313,451,659

Surplus Remission Payable

	2021-2022	2020-2021
	Kshs	Kshs
Payable at the beginning of the year	1,189,622,463	1,961,841,209
Paid during the year	(544,627,287)	(772,218,746)
Payable at end of the year	644,995,176	1,189,622,463

32. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**33. Budget Comparison****i. Budget Approval**

The Authority's original budget was approved in line with the PFM Act in January 2020 and revised in January 2021. The revision was meant to ensure that the Authority operates within the overall approved expenditure levels considering 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 **98%** of its recurrent budget and **16%** of its capital budget. The low utilization on capital budget is attributable to delay in completion of the geo technical report for the development of the Centre of Construction Industry Development for implementation.

34. Contingencies

The Authority has provided for contingent liabilities on operating expenses as it had commitments and running contracts as at 30th June 2021. 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)

The Authority received a demand from the Kenya Revenue Authority (KRA) of KShs. 2.6 Billion in relation to remittance of surplus funds to the exchequer. The Authority objected to the demand and initiated negotiations with KRA and the National Treasury through the parent ministry for a review of the figures. This is based on the fact that the Authority uses accrual accounting principle as recommended by the Public Sector Accounting Standards Board and the surplus demanded relates to revenue not received and the provisions of the NCA Act on the retention of surplus for the Authority in the National Construction Authority Fund. The Authority in the FY 2021/2022 made payment of KShs. 544.6 Million to the exchequer as part of the negotiations and payment plan.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The demand and subsequent payment of the amounts demanded is likely to impact the Authority's operations. The outstanding amounts on demand is quite material considering that the Authority's overall budget for the current Financial Year 2021/22 at KShs. 2.246 billion. In addition, the Authority hasn't received any development grants from the Government and finances its capital expenditure through the retained surplus and appropriations in aid. The capital expenditure projected to be financed through the surplus funds included the Construction of the Centre for Construction Industry Development (CCID) and enhancement of the IT systems to incorporate the construction industry one-stop-shop.

35. Events after the reporting period

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

36. 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.

37. Currency

The financial statements are presented in Kenya Shillings (Kshs)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

APPENDIX I: IMPLEMENTATION STATUS OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe:
1.	Unsupported prior year adjustments of Kshs. 3,184,707	The management has reconciled the figures and the supporting schedules to the adjustments provided for further review.	Executive Director	Resolved	
2.	Intangible Assets classification as having indefinite life	The classification has been reviewed to finite life and amortization charged accordingly.	Executive Director	Resolved	

<p>3.</p>	<p>Long Outstanding debts of Kshs. 769,321,239 being net of provisions of Kshs. 888,902,185.</p>	<p>Pursuant to the 59th Board Meeting held on Thursday, 29th January 2021 the Board directed that the Board Audit Risk & Governance Committee investigate the origin and status of the receivables outstanding in the financial statements for three years from 2017 to date and to recommend how the debt (receivables) can be recovered. The Board Adhoc committee completed its report which was to be tabled before the 60th Full board meeting of June 2021. However, its term lapsed before finalizing on the report. The ad-hoc committee has since been reconstituted to finalize on the report and recommend on the next cause of action.</p>	<p>Executive Director</p>	<p>Unresolved</p>	<p>30.06.23</p>
<p>4.</p>	<p>Irregular payment of insurance contracts. The signed contract amount exceeded the balance on the budget and</p>	<p>The ERP system currently in use has been programmed to control the budget and procurement plan. It appears the ERP system checked the overall budget line for insurance which had a total budget of Kshs. 74,350,000 instead of checking the budget as per the procurement plan. On receipt of a</p>	<p>Executive Director</p>	<p>Resolved</p>	

<p>procurement plan of Kshs. 4,000,000 by Kshs. 961,951 or 24% of approved budget.</p>	<p>fully approved procurement requisition, the tendering process was initiated. The confusion that led to the over expenditure was caused by the system malfunction an error that we highly regret and commit to address with the system administrator and ensure that the system doesn't at any time allow commitment beyond the budget allocation and the procurement plan. However, the overall budget for insurance costs vote was not exceeded</p>		
<p>5. Delay in implementation of Enterprise Risk Management System (ERMS)</p>	<p>The management is reviewing its risk management framework to address the shortcomings encountered in the ERMS implementation process with the view of ensuring the Authority derives value for money.</p>	<p>Executive Director</p>	<p>Unresolved</p>
<p>6. Weakness of the information communication technology (ICT)</p>	<p>The Authority has undertaken a system upgrade on the SharePoint between the RCIS and ERP to ensure the system integration is seamless and transactions posting to the ERP systems on the accounting module are real time to</p>	<p>Executive Director</p>	<p>Resolved</p>

7.	Unresolved Prior year Matters	avoid discrepancies occasioned by system lag or failure.	The audit report for the FY 2019/2020 had not been received at the time audit thus the delay. The issues raised have since been resolved	Executive Director	Resolved		
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Eng. Maurice Akech, MBS

Executive Director/ Registrar of Contractors

Date 30/07/2022.....

APPENDIX II: PROJECTS IMPLEMENTED BY THE AUTHORITY

Projects

Projects implemented by the Authority funded by development partners and/or the government

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

APPENDIX III: STATUS OF PROJECTS COMPLETION

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1 Centre for Construction Industry Development	3,200,000,000	65,403,517	2%	188,000,000	65,403,517	AIA

APPENDIX IV: 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
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specified	
State department for Public Works	26.08.21	Recurrent	315,000,000	315,000,000	-	-	-	-	315,000,000
State department for Public Works	05.11.21	Recurrent	315,000,000	315,000,000	-	-	-	-	315,000,000
State department for Public Works	04.02.22	Recurrent	315,000,000	315,000,000	-	-	-	-	315,000,000
State department for Public Works	28.04.22	Recurrent	315,000,000	315,000,000	-	-	-	-	315,000,000
			1,260,000,000	1,260,000,000	-	-	-	-	1,260,000,000
Total			1,260,000,000	1,260,000,000	-	-	-	-	1,260,000,000

APPENDIX V: INTER-ENTITY CONFIRMATION LETTER



**NATIONAL CONSTRUCTION
AUTHORITY**

ISO 9001:2015 Certified

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

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

The National Construction Authority wishes to confirm the amounts disbursed as at 30th June 2022 as indicated in the table below.

Confirmation of amounts received by National Construction Authority(NCA) as at 30th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by State Department for Public Works (KShs) as at 30th June 2022			Amount Received by NCA (KShs) as at 30 th June 2022 (E)	Differences (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
FT212381LVB3	26-08-21	315,000,000	-	-	315,000,000	-

FT2130915CY3	05-11-21	315,000,000	-	-	315,000,000	315,000,000	-
RT22035WJKDM	04-02-22	315,000,000	-	-	315,000,000	315,000,000	-
FT22118084PL	28-04-22	105,000,000	-	-	105,000,000	105,000,000	-
FT22118F2FZX	28-04-22	105,000,000	-	-	105,000,000	105,000,000	-
FT2211809VRJ	28-04-22	105,000,000	-	-	105,000,000	105,000,000	-
Total		<u>1,260,000,000</u>			<u>1,260,000,000</u>	<u>1,260,000,000</u>	

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

Head of Accountants department of beneficiary Entity:

Name Christine Kurumal..... Sign [Signature]..... Date 30.09.2022

Appendix VI: Reporting of Climate Relevant Expenditures

National Construction Authority

Tel : +254 709 126 102/172/173.

Email : info@nca.go.ke

Website : www.nca.go.ke

Name of Executive Director: Eng. Maurice Akech, MBS

For any clarifications, kindly contact Mrs. Christine Kirimi, the Manager Finance and Accounts on c.kirimi@nca.go.ke

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	
Tree Planting	Increasing forest cover to 10% by 30 th June 2022	Increasing forest cover to 10% by 30 th June 2022	9595 tree seedlings planted in various forests across the country	-	-	-	1,300,000	AIA Kenya Forest Service



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AUTHORITY

Financial Statements and Annual Report for the Year Ended 30th June 2022