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OF

THE AUDITOR-GENERAL

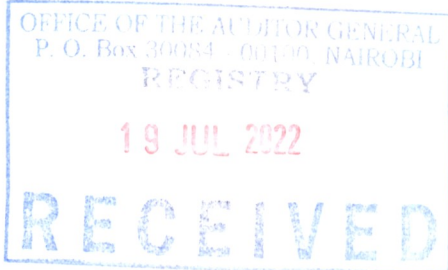
ON

NATIONAL CONSTRUCTION AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2021



**NATIONAL CONSTRUCTION
AUTHORITY**



NATIONAL CONSTRUCTION AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2021

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

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

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

Vision

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

Mission

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

Core values

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

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

c) Key Management

The 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 2021 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 the President of the Africa Association of Quantity Surveyors (AAQS). Qs. Gaitho holds a Msc. in Project Management from the University of Liverpool and a Bachelor's Degree in Building Economics from the University of Nairobi.



**Eng. Zipporah Rotich,
Vice Chairperson of the Board,
Representing the Kenya Association of Building
and Civil Engineering Contractors (KABCEC)**

D.O.B: 26.01.1964

Appointed on 01.07.2018

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

She has over 25 years of practicing experience in the construction industry, having been involved in major infrastructural projects within the East African Region. Eng. Rotich has served on the Boards of various organizations and holds a Master's Degree in Leadership Studies. Elected as Vice Chair to the Board on 20.03.2020



Waweru Gathecha, Board Member

Representing the Architectural Association of Kenya

D.O.B: 02.09.1972

Appointed on 01.07.2018

Mr. Gathecha is an architect by training and practice, nominated to the Authority's Board of Directors by the

Architectural Association of Kenya. He is the managing partner at Waweru & Associates Architects, an architectural firm based in Nairobi. He has undertaken projects in the United Kingdom, Kenya, Rwanda and South Sudan. He graduated with a degree in architecture from the University of Nottingham, United Kingdom, in 1998. He is a Fellow of the Architectural Association of Kenya (AAK) and a Corporate Member of the Royal Institute of British Architects (RIBA). He also serves as a board member at the Board of Registration of Architects and Quantity Surveyors of Kenya (BORAQS). Mr. Gathecha is a past president of the Architectural Association of Kenya, and a past council member of the East Africa Institute of Architects, Africa Union of Architects, and the International Union

of Architects. He has also served the Commonwealth Association of Architects as a validation panel member, and in this capacity was involved in the validation of architectural education course outcomes at schools of architecture across several African countries. He has also served a sector board chairperson at the Kenya Private Sector Alliance (KEPSA).



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 12.05.2017.

**Arch. Jackson Kafuna****Board Member, Representing the Principal Secretary State Department of Public Works****D.O.B 20.06.1959****Appointed on 03.08.2016****Retired:21st October 2020**

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

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

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

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



Elizabeth Mvoi Mwasaru, Representing the Law Society of Kenya

D.O.B: 26.07.1985

Appointed on 01.07.2018

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



Eng. Jane Mutulili, Representing the Institution of Engineers of Kenya

D.O.B: 11.11.1966

Appointed on 01.07.2018

Eng. Jane Wanjiru Mutulili is the Project Manager of La Femme Engineering Services Ltd. A civil engineer by profession, she is registered with the Engineers Board of Kenya and is the First Vice President of the Institution of Engineers of Kenya (IEK). Eng. Mutulili also serves as the Chair of

IEK's Membership Committee and is a Council Member of the Association of Consulting Engineers of Kenya (A.C.E.K.) Eng. Mutilili is currently the Chair of the Human Resource Committee of the Authority's Board.

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

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



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

D.O.B 21.09.1961

Appointed on 01.07.2018

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



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

D.O.B: 18.09.1972

Appointed on 01.07.2018

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

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

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

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



Kenneth Luusa, Representing Special Interest Groups

D.O.B 21.12.1966

Appointed on 01.07.2018

Ken graduated from the University of Aberdeen, (Scotland) with a Bachelor's Degree in Land Economics in 1990. He then joined a leading international firm of Chartered Surveyors working in the property management department of the firm's Aberdeen Office, where he was responsible for the firm's client portfolio in the North East of Scotland. Prior to joining Acorn Group, he was the Regional Chief Executive Officer of Property Development and Management Ltd (PDM), Aga Khan Development Network Company where he was responsible for managing and developing the organization's commercial property portfolio in East Africa. Apart from extensive management experience gained in practicing in the six East African Countries

{Tanzania, Kenya, Uganda, Rwanda, Burundi and South Sudan} and Europe for the past 25 years, Ken is a seasoned professional and a member of the Royal Institution of Chartered Surveyors, The Institution of Surveyors in Uganda, is a practicing and registered Valuation Surveyor in Uganda and is a registered Real Estate Agent in Kenya, he is also the vice chairperson of the Kenya Property Developers Association (KPDA). Ken has been with Acorn since 2006.



**F.A. Paul Kiagu, 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). He 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.



**Qs. Patrick M. Bucha, MBS 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.

**Samson Lukoba****Corporation Secretary**

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



CPA James Kilonzi

General Manager, Corporate Services

Mr. Kilonzi has an extensive accounting background in the public sector, having worked as the Chief Accountant at the Horticultural Crops Development Authority and The Kenyatta International Convention Centre, where he was in charge of formulating, implementing, and

reviewing accounting systems and financial policies and procedures. Mr. Kilonzi also has working experience as an auditor and has been in the accounting industry for more than fifteen years. He has already overseen several accounting milestones at NCA, such as the development of the financial and accounting policies, management of donor funding, Improved financial performance, and reporting and automation of the Authority's accounting function.

Mr. Kilonzi has Master of Business Administration (Strategic Management) from Kenya Methodist University and a Bachelor of Commerce (Accounting Option) from Devi Ahilya University, Indore (India). He is currently pursuing a Master 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 holds a Bachelor of Arts, Building Economics and Management from University of Nairobi and is a construction industry professional with fifteen years' experience both in the private and public sectors.

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



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

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, 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 (NWCPC) 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 NWCPC, 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 NWCPC, 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. In addition, 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

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

She has a Master's of Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce (Finance) from the Catholic University of

Eastern Africa. She is a member of Institute of Certified Public Accountants of Kenya, Association of Women Accountants of Kenya and Hon. Treasurer Ministry of Works Sports Club (MOW)



CHRP Daniel Kemei

Manager, Administration

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

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



Paul Gesora

Manager, Planning, Quality Assurance and Risk Management

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, to improve performance and procurement competencies. As Chair of the Disciplinary Committee, she is working on the Disciplinary Policy and 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 and 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 Kingdo

**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

The past year has seen the Authority establish new partnerships with key stakeholders, and reinforce already existing ones.

One of the biggest projects the Authority has ever undertaken that has been years in the making was finally concretized. The Centre for Construction Industry Development, a flagship project for the entire construction industry, passed the design stage and is now moving into the implementation stage. The designs were prepared by consultants from the State Department of Public Works and we are ready to begin the tendering process in the first quarter of the next financial year.

Another partnership driven project was a study done with the Small and Medium Enterprise (SME) advisor from State House, on the Impact Analysis of Micro, Small and Medium Enterprises (MSMEs), specifically in the Ngara Affordable Housing project. Research remains a major function of the Authority, and we are heartened when other state agencies reach out to us for such initiatives.

The Authority also reached out to the Turkish Embassy for a business to business (B2B) initiative that saw local contractors linked with Turkish construction companies. Exporting construction services is also a function of NCA, and we look forward to seeing our local contractors sharing their expertise with international markets.

The past year has also seen the Authority continue searching for more innovative ways to advance the construction industry. The National Construction Authority Act 2011 has empowered the Authority to encourage the standardization and improvement of construction techniques and materials. Thus, in partnership with the Kenya Bureau of Standards, NCA begun the process of developing the legal framework that will enable it to register suppliers of construction materials, technologies and equipment.

This will go a much longer way in assuring quality in the construction industry, as well as creating an inventory for the said materials, technologies and equipment. The process will continue in the next financial year.

Stakeholder engagement remains a key strategy in the execution of the Authority's mandate, and through inter-agency cooperation we will continue working towards regulating, facilitating and building capacity in the construction industry through strategic interventions and partnerships for sustainable socio-economic development.



Qs. David Gaitho

CHAIRPERSON OF THE BOARD

5. REPORT OF THE EXECUTIVE DIRECTOR

Following the enactment of the Business Laws (Amendment) Act 2020, which introduced a penalty in the National Construction Authority Act (2011) imposing a fine not exceeding one million shillings or imprisonment not exceeding three years, or both, to any person who willfully fails to comply with an order of an investigating officer, there has been a marked improvement in the enforcement of suspension orders. The Authority over the past year worked closely with the National Police Service and the Directorate of Public Prosecutions in order to not only enforce the suspension orders but also to prosecute those who defy them in order to assure quality in the industry.

Also included in the same amendment was the provision that the Authority will also enforce the prescribed Building Code in the construction industry. The Draft National Building Regulations (Building Code) was subjected to stakeholder engagement within the financial year, where they got to interact with the document and share their views. The document now awaits validation, as all views were collected and the necessary additions and revisions made.

Also subjected to stakeholder engagement was the Draft Revised Evaluation Criteria for the Evaluation of Contractors' Applications, a process that saw the collection of views and comments from the general public as well as contractors. The first draft is now awaiting presentation to the Board of Directors, and the process will be finalized in the new financial year.

Stakeholder engagement was very key for the Authority this year, and we hosted sector based, county-based and organization specific engagements throughout the year. The Roads, Water, Energy, and Building Sector engagements, with the support of the Principal Secretary, State Department of Public Works Maj. General (Rtd) Dr. Gordon Kihalangwa, were an enormous success. Across the country, we were able to cover Mt. Kenya and Central Eastern regions for the county-specific engagements, and the countrywide sensitization exercise for County Police Commanders covered thirty-three counties.

This was a pivotal year for the Authority as we launched three key documents- the Strategic Plan 2020-2025, the National Construction Research Agenda 2020-2024 and the inaugural Construction Industry Outlook.

The Strategic Plan outlines several strategic initiatives to facilitate the achievement of the Vision 2030, Big Four Development Agenda and regional development priorities while facilitating for an innovative, well-coordinated and prosperous construction industry, providing a blueprint that will enable the Authority to provide proper strategic direction in Kenya's dynamic construction industry. NaCRA, reviewed after the previous 2017-2020 period lapsed has identified research gaps that are to be prioritized over the next few years, having attained 88% of the previously set out goals.

Another key forum that took place this year was the Research Dissemination Forum. In light of the pandemic, it took place in duo-format, both in person and streamed live across the globe. It provided a forum for industry stakeholders to deliberate findings and recommendations of the various studies that the Authority has undertaken recently. These are: Research on Building Failures, A Study on the Involvement of Micro, Small and Medium Enterprises (MSMEs) in the Construction Industry in Kenya, Appropriate Building Materials and Technologies: Promoting Models for Affordable Housing; and A Research study on "Construction Waste in Kenya: The need for Sustainable Waste Management Practices. The event's successful execution was in line with the Authority's mandate of conducting research studies and disseminating their findings.

The global Covid-19 pandemic has forced all agencies to restructure their processes, and NCA has been able to do so with resilience, allowing all service delivery to continue uninterrupted.

The Authority has fully automated the processes for registration of contractors, renewal of the annual practicing licenses and all other processes related to contractor registration like appeals, applications or upgrades. 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. As of the end of this financial year, the register of contractors has 62,215 contractors registered, by certificate. Accreditation numbers for the financial year stand at 38,411 for construction workers and 3,903 for site supervisors.

In relation to quality Assurance activities, 25,553 construction sites were inspected countrywide compared to a target of 25,000 for the FY 2020-2021, an achievement rate of 102.21%. Out of 3,875 applications for project registration that were received, 3,000 were successfully registered.

A total of 14,933 (135%) contractors, construction workers and site supervisors were trained. This was above the annual performance target of 11,000 and a great reflection of the innovativeness of the departments especially in the digitization of trainings in the wake of the COVID-19 pandemic.

Despite various challenges, it has been a rewarding year for the Authority, and one of our best performing yet. We look forward to an even better performance come next year.



Eng. Maurice Akech, MBS

Executive Director/Registrar of Contractors

6. STATEMENT OF THE AUTHORITY'S PERFORMANCE AGAINST PERDETERMINED OBJECTIVES FOR FY 2020/2021

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 2020/2021 period for its strategic pillars, as indicated in the table below:

KEY PILLAR	OBJECTIVES	KEY PERFORMANCE INDICATORS	ACTIVITIES	FY 2020-2021 ACHIEVEMENTS
1. Innovation and operational excellence in the Authority	Register 30,000 contractors and regulate their professional undertakings.	Register 7,000 contractors	Online registration of contractors	NCA registered 10,517 contractors
	Accredit 1.5 million skilled construction workers and 500,000 site supervisors and regulate their professional undertakings.	Accredit 20,000 construction workers and 3,000 Site Supervisors	Online accreditation of skilled construction workers and Site Supervisors	NCA accredited 38,707 construction workers and 3,988 site supervisors
2. Transformed local construction industry through empowerment of local contractors, skilled construction workers and construction	Build capacity for 30,000 contractors, 1.5 million skilled construction workers and 500,000 site supervisors.	Train 5,000 contractors	Carry out training of contractors	NCA trained 5,869 contractors
		Train 4,000 Construction Workers	Carry out training of Construction Workers	NCA trained 7,718 construction workers
		Train 2,000 Site Supervisors	Carry out training of Site Supervisors	NCA trained 1,075 site supervisors

site supervisors				
3. Safety in all construction works including but not limited to buildings, dams, roads, electrical, mechanical, bridges etc	To oversee quality assurance in the construction industry.	Carry out 25,000 construction site inspections	Carrying out of site inspections in the construction industry	NCA carried out 25,553 site inspections
4. Innovative research and business development	Initiate and execute research in the construction industry.	Carry out 5 construction industry researches and disseminate findings	Conduct research and disseminate their findings	NCA carried out 5 research works for the industry
	Provide professional and technical support to stakeholders	Provide 5 technical assistance services to the construction industry	Provide consultancy services to the construction industry	NCA carried out 5 consultancies for MDAs
5. Capacity in the local construction industry	To develop and implement effective systems and processes.	Improve level of service delivery	Initiate and implement service delivery reforms	NCA put in place and utilized digital platforms for registration of contractors (RCIS) and running

developed and improved				support services (ERP)
	To mobilize adequate resources to sustain the Authority's operations.	Adequate FY 2020/2021 budgetary allocation	Participate in FY 2020/2021 resource negotiations and bidding	NCA received budget support of Kshs. 1,263,000,000 from Government

7. CORPORATE GOVERNANCE STATEMENT

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

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

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 thirteen (13) members from the following bodies;

	NAME	DESIGNATION	NOMINATING BODY
1.	Qs. David Mwangi Gaitho	Chairperson	Institute of Quantity Surveyors of Kenya (IQSK)
2.	Eng. Zipporah Rotich	Vice-Chairperson	Kenya Association of Building & Civil Engineering Contractors Association (KABCEC)
3.	Arch. Jackson Mutua	Board Member	State Department for Public Works
4.	Qs. Patrick Bucha, MBS	Board Member	State Department of Housing and Urban Development
5.	Eng. Stephen Kogi	Board Member	State Department of Infrastructure
6.	F.A. Paul Kiagu	Board Member	National Treasury and Planning
7.	Mr. Waweru Gathecha	Board Member	Architectural Association of Kenya (AAK)
8.	Eng. Jane Mutulili	Board Member	Institute of Engineers of Kenya (IEK)
9.	Adv. Elizabeth Mvoi	Board Member	Law Society of Kenya (LSK)
10.	Mr. Kirpal Suri	Board Member	Roads and Civil Engineering Contractor's Association (RACECA)
11.	Eng. Maurice Owiti	Board Member	Kenya Federation of Master Builders (KFMB)

12.	Mr. Kenneth Luusa	Board Member	Special Interest
13.	Prof. Godrick Bulitia	Board Member	Special Interest
14.	Eng. Maurice Akech, MBS	Executive Director	Ex-Officio

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

The Chairperson of the Board is an independent member.

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

Board and Committee Meetings

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

The Board meets at most six times in every financial year but the Authority's business may warrant the convening of special meetings from time to time. To facilitate effective planning, attendance and participation in Board meetings, a

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

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

- a) 6 Ordinary Board Meetings;
- b) 3 Special Board Meetings;
- c) 5 Technical Committee (TC) Meetings;
- d) 5 Human Resource Committee (HRC) Meetings and 1 Special Meeting;
- e) 6 Finance Administration and Development Committee Meetings and 1 Special Meeting; and
- f) 5 Board Audit Risk Governance (BARG) Meetings and 2 Special Committee Meetings;

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 in August 2020 to date were conducted successfully over tele/videoconferencing means to adhere to government directives on physical distancing.

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. Kenneth Luusa	Chair
2. Eng. Zipporah Rotich	Member
3. Elizabeth Mvoi	Member
4. Eng. Stephen Kogi	Member
5. FA. Paul Kiagu	Member
6. Qs. Patrick Bucha	Member
7. Eng. Maurice Akech, MBS	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. Arch. Waweru Gathecha	Chairperson
2. Eng. Zipporah Rotich	Member
3. Eng. Maurice Owiti	Member
4. Mr. Kenneth Luusa	Member
5. Arch. Jackson Kafuna	Member Retired on 21.10.2020
6. Arch. Jackson Mutua	Member Appointed 21.10.2020
7. Eng. Stephen Kogi	Member
8. Eng. Maurice Akech, MBS	Executive Director

c) Human Resource Committee

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

Members

1. Eng. Jane Mutilili	Chairperson
2. Elizabeth Mvoi	Member
3. Prof. Godrick Bulitia	Member

4. Mr. Kirpal Suri	Member
5. Arch. Waweru Gathecha	Member
6. Qs. Patrick Bucha	Member
7. Eng. Maurice Akech, MBS	Executive Director

d) Board Audit, Risk & Governance Committee

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

Members

1. Eng. Maurice Owiti	Chair
2. Kirpal Suri	Member
3. Prof. Godrick Bulitia	Member
4. Eng. Jane Mutilili	Member
5. Arch. Jackson Kafuna	Member Retired on 21.10.2020
6. Arch. Jackson Mutua	Member Appointed 21.10.2020
7. FA. Paul Kiagu	Member

Table 1: Board and Committee Attendance from 1st July 2020 to 30th June 2021

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	6	6	3	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2.	Eng. Zipporah Rotich	6	6	3	3	N/A	N/A	N/A	N/A	5	4	N/A	N/A	N/A	N/A	5	6	N/A	N/A
3.	Prof. Godrick Bulitia	6	6	3	3	5	5	1	1	N/A	N/A	5	5	2	2	N/A	N/A	N/A	N/A
4.	Eng. Jane Mutulili	6	6	3	3	5	5	1	1	N/A	N/A	5	5	2	2	N/A	N/A	N/A	N/A
5.	Arch. Jackson Mutua	6	4	3	3	N/A	N/A	N/A	N/A	5	3	5	3	2	1	N/A	N/A	N/A	N/A
6.	Arch. Waweru Gathecha	6	5	3	3	5	5	1	1	5	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7.	Kirpal Suri	6	6	3	3	5	5	1	1	N/A	N/A	5	5	2	2	N/A	N/A	N/A	N/A



Annual Reports and Financial Statements for the Year Ended June 30, 2021

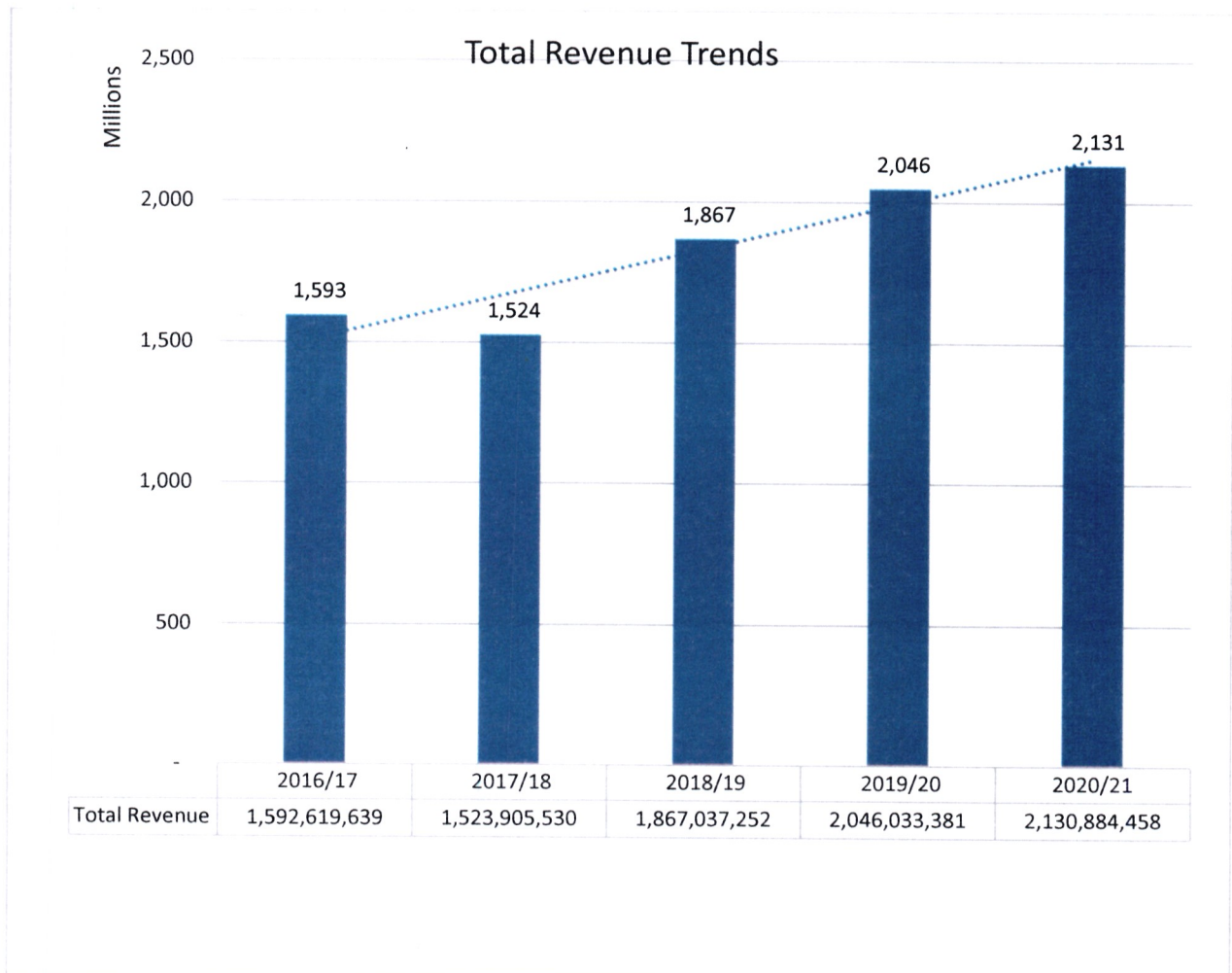
8.	Arch. Jackson Kafuna	6	2	N/A	N/A	N/A	N/A	N/A	N/A	5	1	N/A	N/A	N/A	N/A	N/A	N/A
9.	Eng. Stephen Kogi	6	6	3	N/A	N/A	N/A	5	5	N/A	N/A	6	5	6	1	1	1
10.	Q.s Patrick Bucha	6	5	3	1	5	1	N/A	N/A	N/A	N/A	4	5	4	1	1	1
11.	Adv. Elizabeth Mvoi	6	6	3	3	5	1	N/A	N/A	N/A	N/A	6	5	6	1	1	1
12.	Mr. Ken Luusa	6	6	3	3	N/A	N/A	5	5	N/A	N/A	6	5	6	1	1	1
13.	F.A Paul Kiagu	6	6	3	3	N/A	N/A	N/A	N/A	5	5	6	5	6	1	1	1
14.	Eng. Maurice Owiti	6	4	3	3	N/A	N/A	5	5	5	5	2	2	2	2	2	N/A

8. MANAGEMENT DISCUSSIONS AND ANALYSIS

The financial year 2020/2021 marks the ninth 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.

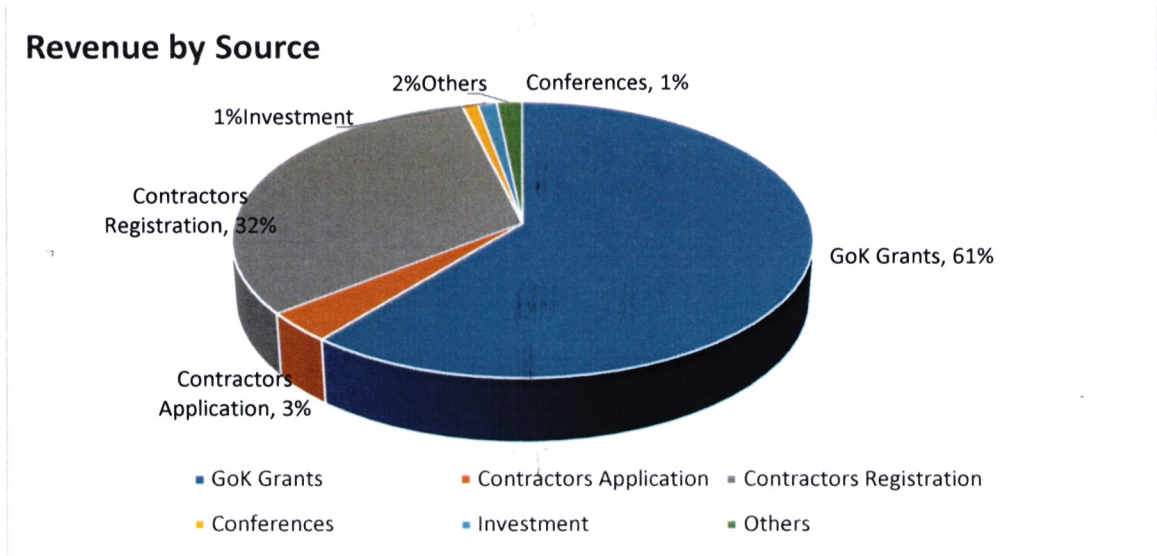
i. Financial Performance

a. Financial performance in figures



The total revenue for the Authority for the financial year 2020/21 increased by 4% as compared to the financial year 2019/20. The internally generated revenue increased by 8% which is attributable to growth in the contractors register. The support from the Government in the form of recurrent grants also grew by 2%.

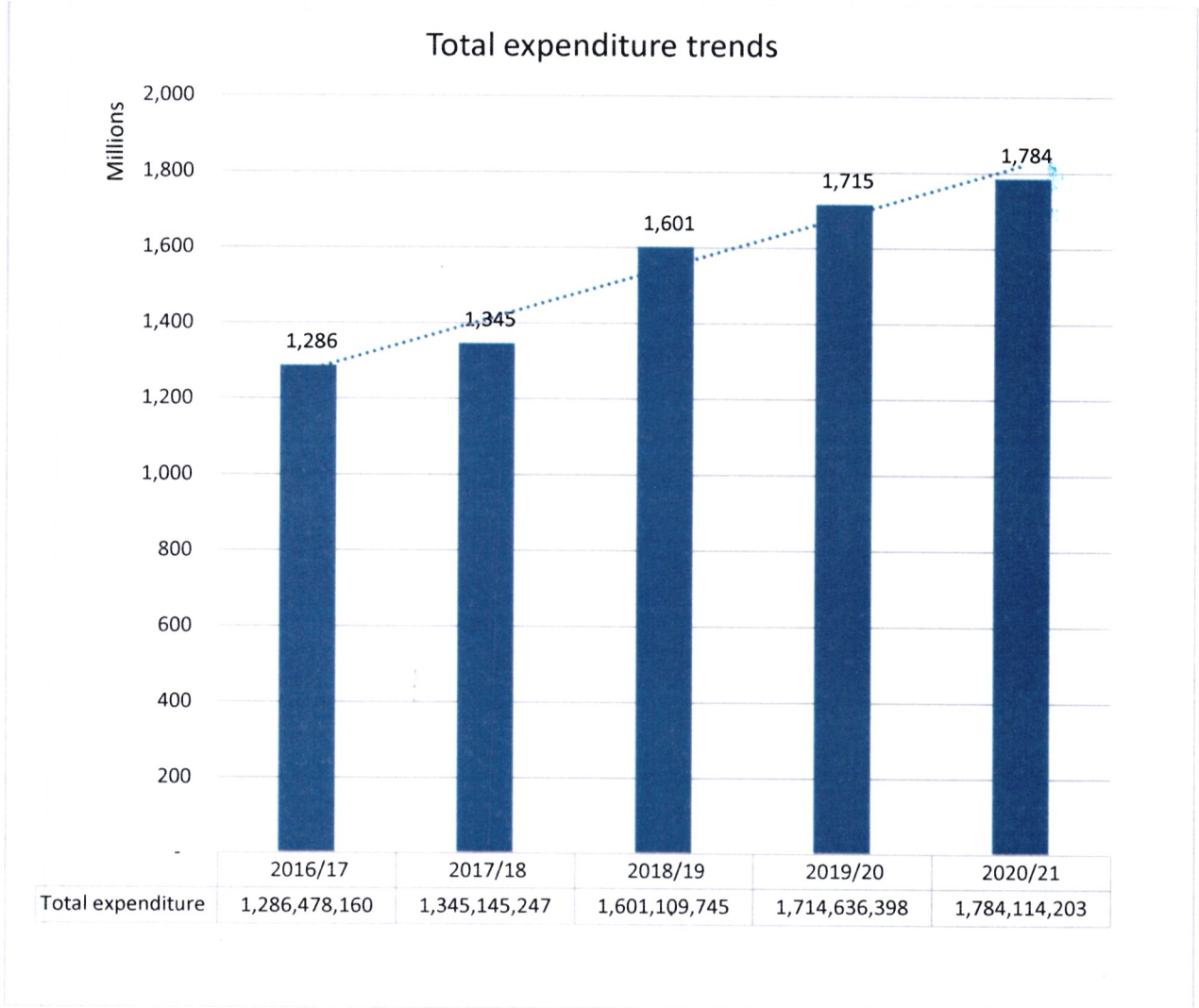
b. Revenue Sources for FY 2020/2021



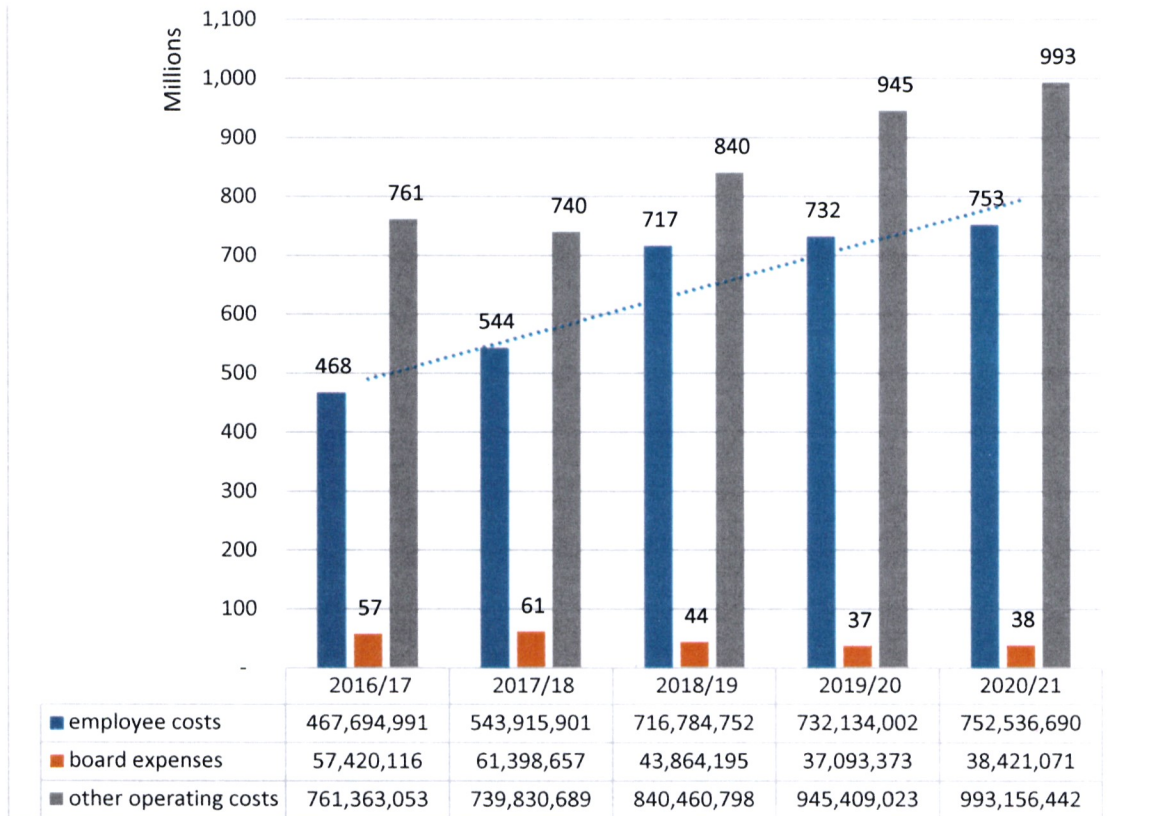
The GoK Grants contributed 61% of the total revenue for the Authority, contributing the same percentage as compared to the last financial year. The internally generated revenue contributed 39 % from contractors’ application fees, registration fees, receipts from contractors’ training workshops and investment income.

c. Expenditure Trends

The recurrent expenditure for the period under review increase by 4% as compared to the last financial year. However, the absorption of allocated funds stood at 95 %, this under performance is attributable to disruptions on the Authority’s operations by the COVID-19 pandemic.



d. Expenditure by Vote



The Authority’s employee costs accounts for 46% of the total expenditure for the period. The expenditure has grown over the years from KShs. 467 Million in the FY 2016/17 to KShs. 752.6 Million at the end of FY 2020/2021. This is attributed to the growth of staff complement from 235 to a total of 397 in 2016/2017 and 2020/2021 respectively. The current total work force comprises of 293 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

mandates. 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 2020/2021

Category	Classes of Works						Valid 2020/21 certificates as % of registered certificates
	Roads	Water	Buildings	Electrical	Mechanical	Total	
NCA1-local	305	202	445	146	213	1,311	75.9%
NCA2	360	231	469	93	97	1,250	73.4%
NCA3	529	328	606	110	149	1,722	64.7%
NCA4	1,931	1,282	2,019	282	424	5,938	58.6%
NCA5	2,412	1,467	2,436	250	346	6,911	57.0%
NCA6	4,211	2,410	4,068	286	458	11,433	50.9%
NCA7	4,246	2,240	4,176	200	472	11,334	41.7%
NCA8	7,707	4,900	8,734	317	623	22,281	41.3%
Total	21,707	13,063	22,973	1,690	2,782	62,215	46.9%

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					Total	Valid 2020/21 certificates as % of registered certificates
	Roads	Water	Buildings	Electrical	Mechanical		
NCA1-foreign	6	3	20	6	0	35	5.0%

The number of foreign contractors registered FY 2020/2021 was 35. 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 2020/2021 the Authority accredited 38,411 workers and 3,903 site supervisors in the construction industry across the different trades.

iii. Training and Capacity Building

The FY. 2020/2021, the Authority's training function was executed under 3 distinct performance programs tailored for contractors, construction site supervisors and construction workers.

A total of 14,933 (135%) contractors, construction workers and site supervisors were trained. This was above the annual performance target of 11,000 and a great reflection of the innovativeness of the Authority

especially in the digitization of trainings in the wake of the COVID-19 pandemic.

a. Construction Workers & Site Supervisors

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

(i) Construction workers

During the period under review the Authority conducted 38 different training events across the country with a cumulative total of 7,718 (193%) construction workers trained against a performance target of 4,000. The training events were under 4 different programs as follows: Online CTD (Webinar) program where a totals of 22 webinars were conducted virtually via the Cisco Webex teleconferencing platform where 1,409 workers were trained: Regional On-site Safety trainings was done in 11 regions where 3,053 workers were trained on construction safety matters: Road Safety Training program was also carried out with 2 on-site trainings conducted on 2 ongoing road projects in Mt. Kenya & Upper Eastern Regions and 95 road construction workers were trained: The Authority also conducted Upskilling training Program in collaboration with Makueni County and the Ministry of Water under the Mwache dam project in Kwale County where a total of 3,161 construction workers were trained on six different trade areas; Tiling, Masonry, Plumbing, Electrical Wiring, Scaffolding & Steel fixing.

The Online CTD program was greatly affected by low ICT literacy levels and data connectivity & affordability challenges amongst the construction workers and thus the low number. However, the collaborative upskilling (practical-skills) training & onsite safety trainings were very successful with high numbers especially since mobilization was done at the county and regional level. Competency certificates and NITA certificates were issued for the collaborative skills trainings and this is proposed as great incentive going forward, to ensure

NCA trained workers can also be awarded competency and grade certification as opposed to participation certificates and thus qualify for full NCA accreditation.

(ii) Site supervisors

During the period under review, the Authority conducted 36 different training events across the country with a cumulative total of 1,346 (67%) construction site supervisors trained against a performance target of 2,000. The training events were under 4 different programs as follows: Online CTD (Webinar) Program where a total of 21 webinars were conducted virtually via Cisco Webex teleconferencing platform and 1,064 site supervisors and safety officers were trained. The low attendance levels were attributed to the limited database of supervisors whereby only a small pool of accredited site supervisors attended more than one webinar.: Exit Talks program in 4 technical training institutions & polytechnics across the country where 111 site supervisors were trained: Regional On-site Safety trainings in 11 regions where 160 site supervisors were trained alongside the construction workers on construction safety matters: Road Safety Training programs with 2 on-site training conducted on 2 ongoing road projects in Mt. Kenya & Upper Eastern Regions where 11 site supervisors & safety officers were trained alongside the road construction workers.

Though the site supervisors' programs did not meet expected targets it is proposed that going forward, active collaboration with KETRB, Institute of Clerk of Works of Kenya (ICWK), Construction Manager Associations, TTIs, Nationals Polytechnics and Technical Universities will guarantee a greater outreach to more site supervisors not only for training but for accreditation purposes as well.

(iii) Contractors Training and Capacity Building

The NCA 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.

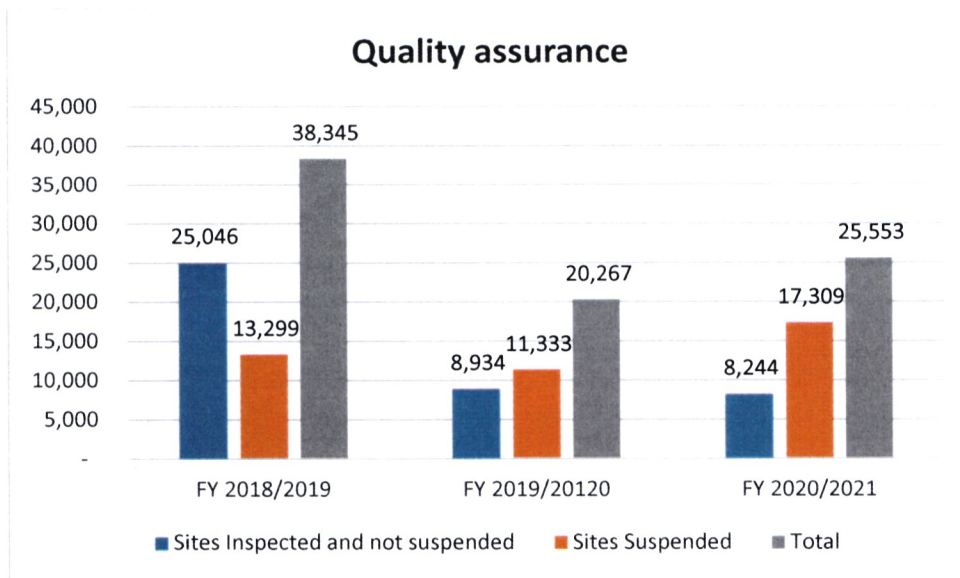
In the FY. 2020/2021, the Authority conducted 87 different CPD events across the country and trained 5,869 (118%) Contractors in total against a performance target of 5,000. The different programs included: One-day CPD seminars where 3 seminars were conducted in 3 venues across the country and a total of 143 contractors trained. The target had been to conduct a total of 15 seminars but the program was suspended following the March 2021 Presidential Directive on the Mitigation of the Covid -19 Pandemic: The Online Masterclass Program where 46 masterclasses were conducted and a total of 5,112 contractors were trained. This was a very successful program as it demonstrated the positive impact that the digitalization of trainings has in the enhancement of capacity building despite the challenges experienced worldwide due to the Covid-19 pandemic: The NCA Accredited CPD Providers Program where 14 CPD providers were accredited and were able to conduct a total of 26 trainings and trained 564 contractors in total: The Regional Onsite Safety Program where 50 contractors were recognized for having facilitated the on-site trainings by allowing the Authority to train the workers on their construction sites.

The Contractors CPD programs ended successfully despite the myriad of challenges experience during the conduct of online CPD programs due to the limitations of the Cisco Webex Platform that was used. The Authority can however mitigate this by acquiring an E-learning Management Systems (eLMS) to facilitate the process of digitization of trainings as well as enable the integration of eLMS with the RCIS portal for contractors' registration and seamless renewal & upgrading.

iv. Quality Assurance and Compliance

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

Figure: Inspected projects



During the period under review, the Authority managed to inspect a total of **25,553** construction sites against a target **25,000** which translates to **102%** of the target. Out of the total sites inspected, **17,309** were suspended.

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

v. Service Delivery**a. Human Resource**

The Authority's current approved staff establishment stands at 417 posts. Of this number, 293 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 9 additional positions in the establishment which will be done in 2021/2021 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 to place young graduates on an internship programme. Currently, there are 40 interns spread across the Authority's offices.

Additionally, there are 50 apprentices who are technical diploma holders currently learning on the job in the Authority's regional and liaison offices. Working with various institutions, universities and colleges, the Authority has also constantly provided opportunities for industrial attachment to students prior to their graduation.

b. Public Awareness and Sensitization Campaigns**(i) Advertising and Publicity**

The Authority launched a media campaign in July 2020, meant to sensitize stakeholders on the efforts towards mitigating the effects of the Covid-19 pandemic on the construction industry. This followed the publication of the COVID-19 Standards for Management of Construction Sites and Welfare of Workers, developed by NCA in conjunction with industry stakeholders.

The Authority held several events that garnered positive publicity, including the launches of the Strategic Plan 2020-2025, the National Construction Research Agenda 2020-2024 and the inaugural edition of the Construction Industry Outlook. Additional publicity was garnered from the week-long Research Dissemination Forum, sector and county-based stakeholder engagement forums, multi-agency quality assurance exercises in both Nairobi and Mombasa counties and the Draft Building Code sensitization workshops country wide, which were streamed live on the Authority's social media pages.

Media engagement was strong across the year, with heavy media presence for the Authority across all platforms, but especially on national television and radio.

(ii) Stakeholder Engagement

Sector-based Stakeholder Workshops

The Authority engaged stakeholders in sector-based meetings aimed at increasing awareness and compliance, especially when dealing with foreign contractors and project registration. The theme of the workshops was "Enforcement of Construction Regulations" and the first of them the Road Sector, which took place on 23rd November 2020 at the Boma Inn in South C. In attendance were the Kenya Rural Roads Authority (KeRRA), Kenya Urban Roads Authority (KURA), Kenya National Highways Authority (KeNHA) and the State Department of Infrastructure. KURA Director General Eng. Silas Kinoti was also in attendance. The Energy Sector Stakeholder Workshop took place on December 4th 2020, attended by Kenya Power, Kenya Electricity Transmission Company Limited (KETRACO), Kenya Electricity Generating Company (KenGen) and the Ministry of Energy. On Tuesday, 26th January 2021 the Water Sector workshop took place, and the Authority hosted the following Water Works Development Agencies: Lake Victoria, Coast, Athi, North Rift, Tana and Lake Victoria South. Also, in attendance was the National Irrigation Authority, Kenya Water Institute, Kenya Water Towers Agency, Water Resources Authority, Nairobi City Water and Sewerage Company, National Water Harvesting and Storage Authority. The final sector-based engagement for the year was the Buildings

workshop, held on 16th March 2021. In attendance were the National Environmental Management Authority, the Kenya Property Developers Association, National Housing Corporation, Kenya Association of Manufacturers, Kenya Private Sector Alliance, Kenya Commercial Bank, Kenya Alliance of Residential Associations, Kenya Building Research Centre, Nairobi Metropolitan Services, Varsityville Residential Associations, State Department of Public Works, State Department of Housing and Urban Development and the National Building Inspectorate.

All sector-based workshops were officiated by the Principal Secretary, State Department of Public Works, Maj. Gen. (Rtd) Dr. Gordon Kihalangwa, CBS.

(iii) Resolution of Public Complaints

The Authority actively resolves all complaints channeled, in accordance to guidelines from the Commission on Administrative Justice. In 2020/2021, the Authority averaged a score of 91% (Very Good) for the first three quarters of the year. The final score for Quarter Four has yet to be received.

(iv) Ujenzi Club

The Ujenzi clubs 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 and will be rolled out across the country. Due to the challenges presented by the Covid-19 pandemic, the Authority was not able to launch to the intended five school's country wide, but this is planned for the coming financial year.

(v) NCA Lactation Room

NCA launched a Lactation/Mother's Room at the Authority's headquarters, an initiative that was in collaboration with the Women in Real Estate (WIRE). The NCA Mothers' Room was designed by architectural students through a competition, where the winning team's design was incorporated. The Room was officially launched by Hon. Zulekha Hassan, Women Representative, Kwale County, a champion for mothers' rights in Parliament. The Authority's lactation room is also in line with The Breastfeeding Mothers Bill of 2019 and Health Act of 2017, which provide for the right of an infant to exclusively breastfeed for six months. It also places an obligation on the employer to provide breastfeeding working mothers with rooms to either breastfeed or express their milk, prescribing set standards for such rooms.

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 with 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 14 regional offices, planting almost 10,000 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:

REGION	VENUE	NUMBER OF TREES
South Nyanza	Nyanguru Primary School	200 Seedlings
Central Nyanza	Ranen Primary & School	1010 Seedlings
Central Rift	Lanet Primary School	800 Seedlings
Mt. Kenya	Gathiuru Forest Station	700 Seedlings
Central Eastern	Njukiri Forest	200 Seedlings
Upper Eastern	Waso Primary School	200 Seedlings
Western	Kakamega Forest	1,000 Seedlings
North Rift	Mugondoi Vocational Training Centre	750 Seedlings
Lower Eastern	Kyawea Conservancy	200 Seedlings
North Eastern	County High	200 Seedlings
Coast	Mbaraki Girls High	300Seedlings

Nairobi, Kajiado, Kiambu	Ngong Forest	1,000 Seedlings
Kakamega Heritage Foundation	Kakamega Forest	3,000 Seedlings
Total		9,560 Seedlings

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

c) Responsible marketing and advertisement

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

d) Product stewardship

The Authority is a regulator, and thus a service based organisation. 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, 2021 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 2021 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 viii to xviii. During the year Arch. Jackson Kafuna retired and Arch. Jackson Mutua was appointed with effect from 21st October 2020 as the alternate to the Principal Secretary, State Department for Public Works.

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 772,218,746 in the FY 2020/2021 to the Consolidated Fund.

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: 30th September 2021

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, 2021.

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

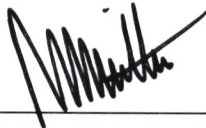
opinion that the Authority's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30th, 2021, and of the its financial position as at that date. The Board further confirm the completeness of the accounting records maintained 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 30th September 2021 and signed on its behalf by:

Signed: -



Qs. David Gaitho
Chairperson of the Board

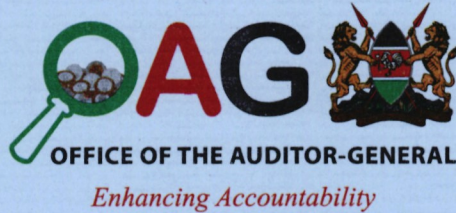
Signed: -



Eng. Maurice Akech, MBS
Executive Director

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL CONSTRUCTION AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

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 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 45, which comprise the statement of financial position as at 30 June, 2021, 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, 2021, 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 of the Laws of Kenya.

Basis for Qualified Opinion

1. Unsupported Prior Year Adjustments

The statement of changes in net assets reflects a balance of Kshs.1,792,281,010 under accumulated surplus which includes a debit amount of Kshs.133,020,244 described as restated prior year adjustments which further includes an adjustment of Kshs.3,184,707 in respect of mortgage scheme and car loan accounts. However, the Management has not provided an analysis and supporting documents for the adjustment of Kshs.3,184,707.

In the circumstances, the accuracy and completeness of the adjustment in the prior year could not be confirmed.

2. Intangible Assets

As disclosed in Note 25 to the financial statements, the statement of financial position reflects intangible assets balance of Kshs.173,514,481. However, the intangible assets were classified as having indefinite useful lives and hence not amortized contrary to paragraph 91 of International Public Sector Accounting Standard (IPSAS) No. 31 which states that given the history of rapid changes in technology, computer software and many other intangible assets are susceptible to technological obsolescence. Therefore, it is likely that their useful life is short.

In the circumstances, the accuracy of intangible assets balance of Kshs.173,514,481 could not be confirmed.

3. Long Outstanding Receivables from Non - Exchange Transactions

The statement of financial position reflects receivables from non - exchange transactions balance of Kshs.1,176,030,249 which as disclosed in Note 21 to the financial statements includes long outstanding debtors amounting to Kshs.769,321,239 being net of provision for bad debts of Kshs.888,902,185 and which have been outstanding for more than five (5) years. Although Management explained that plan to engage the services of a debt collector and that the board has also constituted an Ad- hoc Committee to look into the

debts composition to put strategies to recover the debts. There is no evidence that the process has been initiated

In the circumstances, full recoverability of receivables from non-exchange transactions balance of Kshs.1,176,030,249 could not be confirmed.

4. Irregular Payment of Insurance Costs

Included in the use of goods and services of Kshs.898,287,968 is Kshs.72,116,907 in respect of insurance costs which in turn includes an amount of Kshs.4,961,951 paid to local firms for provision of group personal accident, work injury benefit and group life insurance cover. A review of records revealed that the signed contract amount of Kshs.4,961,951 exceeded the balance on the budget and procurement plan of Kshs.4,000,000 by Kshs.961,951 or 24% of the approved budget.

In the circumstances, the regularity of payment of the additional Kshs.961,951 could not be ascertained.

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 budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.2,337,680,000 and Kshs.2,130,884,000 respectively resulting to an under-funding of Kshs.206,796,000 or 9% of the budget. Similarly, the Authority expended Kshs.1,784,114,000 against an approved budget of Kshs.1,881,736,000 resulting to an under-expenditure of Kshs.97,622,000 or 5% of the budget.

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

2. 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, Management has not resolved the audit issues or provided reasons for the delay in resolving prior year audit issues.

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

Delay in Utilization of Enterprise Risk Management System (ERMS)

The statement of financial position reflects intangible assets balance of Kshs.173,514,481 as disclosed in Note 25 to the financial statements. Included in this balance is an amount of Kshs.9,909,300 which represents historical cost of an Enterprise Risk Management System (ERMS) procured by the Authority. However, the Enterprise Risk Management System (ERMS) was not utilized by the Authority. It was further noted that the contract period for the supply of the ERMS ended in November, 2017 and the Authority was subsequently required to procure licenses from the vendor to continue using the system. However, the Authority had not purchased the required licenses and therefore, it could not use the automated modules of the system.

In the circumstances, it is not possible to confirm if the Authority got value for money on this project.

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 internal controls, risk management and governance were not effective.

Basis for Conclusion

Weakness of the 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 which is supposed to integrate with the E-Citizen platform for payments.

Review of the Regulatory Construction Information System (RCIS) application extract and E-Citizen records revealed that revenue collected from training conferences and workshops of contractors as Kshs.37,148,006 while the E-Citizen system extract for the same training shows an amount of Kshs.36,575,006 resulting in an unaccounted for variance of Kshs.573,000. Management has however explained that they are currently undertaking a system upgrade on the SharePoint between the RCIS and the ERP to ensure the system integration is seamless and transactions posting to the ERP system on the accounting module are real time.

This variance points to the need by the Authority to integrate the various systems in use to ensure accurate, reliable and timely information which can be used by the Authority in decision making.

In the circumstances, the internal controls and risk management policies are not working effectively.

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 Authority's 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 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 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

09 September, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021

		2020/21	2019/20
	<u>Note</u>	<u>KShs.</u>	<u>KShs.</u>
Revenue from non-exchange transactions			
Transfers from other government entities	6	1,263,000,000	1,243,399,999
Contractors Application fees	7	73,504,416	62,234,222
Contractors Registration fees	8	655,025,533	598,514,067
Registration of Workers	9	90,000	878,017
Upgrade fees	10	74,305,000	79,110,000
		2,065,924,949	1,984,136,305
Revenue from exchange transactions			
Conferences and Workshops	11	37,216,006	18,757,140
Consultancy	12	-	103,669
Investment Income	13	27,743,502	43,036,267
Total Revenue		<u>2,130,884,458</u>	<u>2,046,033,381</u>
Expenses			
Use of goods and services	14	898,287,968	748,038,737
Employee costs	15	752,536,690	732,134,002
Board expenses	16	38,421,071	37,093,373
Repairs and Maintenance	17	32,192,728	30,632,707
Depreciation	18	62,399,510	46,357,205
Taxes	19	276,235	120,380,374
Total Expenses		<u>1,784,114,203</u>	<u>1,714,636,398</u>
Other gains/(losses)			
Gain on foreign exchange transactions	20	1,509,366	-
Surplus/(Deficit) for the period		<u><u>348,279,621</u></u>	<u><u>331,396,983</u></u>

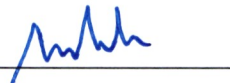
14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Note	2020/21 KShs.	Restated 2019/20 KShs.
ASSETS			
Current Assets			
Receivables from non-exchange transactions	21	1,176,030,249	1,439,831,186
Investments	22	15,140,532	180,902,661
Cash & Cash Equivalents	23	595,312,879	746,742,797
Total Current Assets		1,786,483,660	2,367,476,645
Non-Current Assets			
Property, Plant & Equipment	24	177,001,646	183,732,423
Intangible Assets	25	173,514,481	173,514,481
Total Non-Current Assets		350,516,127	357,246,904
TOTAL ASSETS		2,136,999,787	2,724,723,549
LIABILITIES			
Current Liabilities			
Trade and other Payables	26	324,718,777	355,483,170
Total Current Liabilities		324,718,777	355,483,170
NET ASSETS		1,812,281,010	2,369,240,380
Reserves		20,000,000	20,000,000
Accumulated Surplus		1,792,281,010	2,349,240,380
TOTAL NET ASSETS AND LIABILITIES		1,812,281,010	2,369,240,380

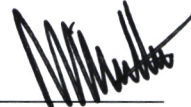
The financial statements set out on pages 1 to 6 were approved by the Board on 30th September 2021, and signed on its behalf by;



Eng. Maurice Akech, MBS
Executive Director



CPA. Christine Kirimi
Manager Finance & Accounts



Qs. David Gaitho
Chairperson of the Board

ICPAK No. 5512

15. STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED 30TH JUNE 2021

	Note	Accumulated Surplus KShs	Revenue Reserves KShs	Totals KShs
As at 1st July, 2019		2,017,843,397	-	2,017,843,397
Surplus for the year		331,396,983	-	331,396,983
Capital Grants		-	20,000,000	20,000,000
As at 30th June, 2020		2,349,240,380	20,000,000	2,369,240,380
As Restated Prior year adjustments		(133,020,244)		(133,020,244)
Surplus Remittance		(772,218,746)		(772,218,746)
As Restated		1,444,001,390	20,000,000	1,464,001,390
As at 1st July, 2020		1,444,001,390	20,000,000	1,464,001,390
Surplus/(Deficit) for the year		348,279,621		348,279,621
As at 30th June, 2021		1,792,281,010	20,000,000	1,812,281,010

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020/21 <u>KShs.</u>	Restated 2019/20 <u>KShs.</u>
OPERATING ACTIVITIES			
Surplus/ (Deficit) generated from operating activities		348,279,621	331,396,983
Adjustments:-			
Interest Income	13	(27,743,502)	(43,036,267)
Depreciation	18	62,399,510	46,357,205
Operating income before working capital changes		382,935,628	334,717,921
Movements in Working Capital			
Decrease/ (Increase) in Debtors.	21	249,818,368	91,799,488
Increase/(Decrease) in Trade & Other Payables	26	(30,764,393)	253,450,361
Net Change in working Capital		219,053,975	345,249,849
Net Cash(used by)/from operating activities		601,989,603	679,967,770
INVESTING ACTIVITIES			
Purchase of other Non-Current Assets	24	(55,668,733)	(100,618,487)
Proceeds from Investments	22	180,902,661	692,796,612
Investments		(15,140,532)	(180,902,661)
Interest Income Received		41,726,072	51,587,265
Net Cash used in Investing activities		151,819,469	462,862,729
FINANCING ACTIVITIES			
Prior Year Adjustments		(133,020,244)	22,816,291
Surplus Remittance		(772,218,746)	(960,000,000)
Development Grants		-	-
Net Cash From Financing Activities		(905,238,990)	(937,183,709)
Net (Decrease) / Increase in Cash and Cash Equivalents		(151,429,918)	205,646,790
<i>Cash and Cash Equivalents at the beginning of the year</i>		746,742,797	541,096,007
Cash and Cash Equivalents at the end of the year	23	595,312,879	746,742,797

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR 2020/2021

Revenue	Original budget "Ksh 000" a	Adjustments "Ksh 000" b	Final Budget "Ksh 000" c=(a+b)	Actual on Comparable basis "Ksh 000" d	Performance Difference "Ksh 000" e=(c-d)	% of utilization f=d/c
Transfers from other government agencies	1,263,000	-	1,263,000	1,263,000	-	100%
Grants revenue	200,000	-	200,000	-	(200,000)	0%
Contractors Application	40,000	14,000	54,000	73,504	19,504	136%
Contractors Registration	582,705	209,430	792,135	729,331	(62,804)	92%
Conferences and Workshops	86,000	(70,500)	15,500	37,216	21,716	240%
Registration of Workers	1,000	-	1,000	90	(910)	9%
Consultancy	4,930	(4,430)	500	-	(500)	0%
Investment Income	7,938	1,000	8,938	27,744	18,806	310%
Miscellaneous income	2,607	-	2,607	-	(2,607)	0%
Total Income	2,188,180	149,500	2,337,680	2,130,884	(206,796)	91%
Expenses						
Salaries and wages	740,398	(8,750)	731,648	639,704	(91,944)	87%
Training Expenses	48,054	3,656	51,710	50,328	(1,382)	97%
Employer Payroll Contribution	83,152	-	83,152	62,505	(20,647)	75%
Board Expenses	30,000	8,750	38,750	38,421	(329)	99%
Contracted Services	24,200	-	24,200	22,658	(1,542)	94%
Utilities Supplies & Services	8,000	(2,000)	6,000	4,465	(1,535)	74%
Communication, Supply, Services	37,620	-	37,620	26,660	(10,960)	71%
Domestic Travel& Subsistence	60,225	12,000	72,225	71,235	(990)	99%
Foreign Travel & Substs Costs	15,575	-	15,575	-	(15,575)	0%
Public Relations and Advertising	69,920	21,000	90,920	82,392	(8,528)	91%
Rental Of Produced Assets	72,600	-	72,600	63,612	(8,988)	88%
Staff Welfare & Hospitality	28,500	5,000	33,500	33,180	(320)	99%



Financial Statements and Annual Report for the Year Ended 30th June 2021

Insurance Costs	74,350	-	74,350	72,117	(2,233)	97%
Training, Research & Cap. Building	211,954	49,319	261,273	208,835	(52,438)	80%
Office & Gen. Supply & Services	84,842	(319)	84,523	81,184	(3,339)	96%
Motor Vehicle Expenses	30,400	5,000	35,400	35,634	234	101%
Professional Fees	45,400	(5,000)	40,400	28,771	(11,629)	71%
Subscriptions and Licenses	46,200	-	46,200	28,766	(17,434)	62%
Repairs and Maintenance	25,190	5,000	30,190	20,972	(9,218)	69%
Depreciation	51,500	-	51,500	62,400	10,900	121%
Taxes	-	-	-	276	276	
Bad debts	-	-	-	150,000	150,000	
Total Expenses	1,788,080	93,656	1,881,736	1,784,114	(97,622)	95%
Gain on foreign exchange transactions	-	-	-	1,509	(1,509)	
Operating Surplus	400,100	55,844	455,944	348,280		
Capital Expenditure						%
Land and Buildings	30,000	145,000	175,000	33,180	(141,820)	19%
Motor Vehicles	35,000	-	35,000	27,703	(7,297)	79%
Furniture and Fittings	5,000	10,000	15,000	4,542	(10,458)	30%
Computers and IT Equipment	10,100	5,000	15,100	8,643	(6,457)	57%
Intangible Assets	140,000	(84,156)	55,844	-	(55,844)	0%
Funds	80,000	(20,000)	60,000	60,000	-	
Plant and Equipment	100,000	-	100,000	-	(100,000)	0%
Total Capital Expenditure	400,100	55,844	455,944	134,068	(321,876)	29%
Total Expenditure	2,188,180	149,500	2,337,680	1,918,182	(419,498)	82%
Net Surplus	-	-	-	215,721		

18. NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

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 – IPSAS 1

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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Effective date and Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

- ii. Early adoption of standards

The Authority did not adopt any new or amended standards in year 2020-2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**4. Summary of Significant Accounting Policies**

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

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

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

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

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

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

b) Budget Information – IPSAS 24

The original budget for FY 2020-2021 was approved by the National Assembly on June 11, 2020. 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 on the 2020-2021 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 – IPSAS 17

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

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

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 indefinite useful life in the financial statements and the carrying amounts have been disclosed in Note 26 in the financial statements. Any changes in circumstances or change in policy to warrant change to finite life shall be accounted for in line with IPSAS 3 on changes in accounting policies estimates and errors.

e) Provisions – IPSAS 19

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

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) 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

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

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.

i) Foreign currency transactions – IPSAS 4

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

j) Related parties

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

k) 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.

l) 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.

m) 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.

n) 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.

i. 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

ii. 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

iii. 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 17. 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.

	2020/21 <u>KShs.</u>	2019/20 <u>KShs.</u>
Transfers from other government entities	1,263,000,000	1,243,399,999
	<u>1,263,000,000</u>	<u>1,243,399,999</u>

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 2020/2021	Prior year 2019/2020
	Kshs	Kshs	KShs	KShs	KShs
State Department of Public Work	1,263,000,000	-	-	1,263,000,000	1,243,399,999
Total	1,263,000,000	-	-	1,263,000,000	1,243,399,999

NOTES TO THE FINANCIAL STATEMENTS (Continued)
7. 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.

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Contractors Application Fee	73,504,416	62,234,222
	<u>73,504,416</u>	<u>62,234,222</u>

8. Contractors Registration Fees

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

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Contractors Registration Fees	655,025,533	598,514,067
	<u>655,025,533</u>	<u>598,514,067</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
9. 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

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Registration of Workers	90,000	878,017
	<u>90,000</u>	<u>878,017</u>

10. Upgrade fees

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

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Upgrade Fees	74,305,000	79,110,000
	<u>74,305,000</u>	<u>79,110,000</u>

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.

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Conferences & Workshops	37,216,006	18,757,140
	<u>37,216,006</u>	<u>18,757,140</u>

12. Consultancy

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

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Consultancy	-	103,669
	<u>-</u>	<u>103,669</u>

13. Investment Income

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

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Interest from bank deposits	27,743,502	23,388,440
Interest from Treasury Bills	-	19,647,827
	<u>27,743,502</u>	<u>43,036,267</u>

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

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Security and cleaning	22,658,364	24,406,122
Utilities Supplies & Services	4,465,064	4,132,278
Rent	63,611,779	52,719,921
Staff Welfare & Hospitality	33,179,594	21,236,999
Research, Contractors Training and Cap. Building	208,835,028	130,214,017
Office & Gen. Supply & Services	81,184,025	81,055,286
Fuel and Lubricants	24,413,362	18,455,905
Professional and consultancy Fees	28,770,623	20,983,923
Subscriptions and Licenses	28,766,108	40,170,973
Provision for Bad Debts	150,000,000	100,000,000
Insurance	72,116,907	61,098,305
Advertising	82,391,730	65,133,656
Travelling and Accommodation	71,235,080	96,395,543
Communication	26,660,304	28,156,688
	<u>898,287,968</u>	<u>744,159,617</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
15. Employee Costs

The employee costs comprise of the following

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Salaries & Wages	639,704,205	625,785,361
Employer Pensions	54,436,522	59,380,810
Training and Capacity Building	50,327,935	42,743,368
Provision for Gratuity (Note 27)	8,068,029	4,224,463
	<u>752,536,690</u>	<u>732,134,002</u>

16. Board Expenses

The Board expenses for the year were as stated below;

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Chairman Honoraria	1,044,000	432,000
Sitting Allowances	18,173,000	15,701,400
Training Expenses	-	1,268,865
Travel and Accommodation	9,468,200	12,752,405
Executive Remuneration	8,750,000	5,450,000
Other expenses	210,121	1,488,703
Medical expenses	775,750	-
	<u>38,421,071</u>	<u>37,093,373</u>

17. Repairs and Maintenance

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Motor vehicles	11,220,734	10,517,489
Plant, machinery & equipment	8,000	3,079,070
Office furniture & equipment	199,686	194,820
Buildings-non-residential	18,629,926	12,077,652
Computers & ICT equipment	2,134,383	3,803,676
Software maintenance	-	960,000
	<u>32,192,728</u>	<u>30,632,707</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18. Depreciation

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Motor Vehicle	26,006,889	14,235,826
Furniture and Fittings	27,204,568	23,178,914
Computers and ICT equipment	7,560,746	7,626,722
Office equipment	<u>1,627,306</u>	<u>1,315,742</u>
	<u>62,399,510</u>	<u>46,357,205</u>

19. Taxes

The taxes paid out by the Authority relates to the withholding tax on fixed deposits, 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 as at the close of the financial year.

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

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
(i) Receivables		
Deposits	205,000	705,000
Debtors	1,658,223,424	1,782,973,676
Less: Provision for Bad Debts	(888,902,185)	(738,902,185)
Salary Advance	1,340,159	2,240,340
Outstanding Imprests	3,816,459	4,049,643
Prepayments	57,109,508	54,978,339
Sundry Debtors	3,584,700	3,584,700
	<u>835,377,066</u>	<u>1,109,629,513</u>
(ii) Accrued Income		
	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Interest Income	1,117,714	15,100,284
eCitizen payments	3,804,752	15,979,911
	<u>4,922,466</u>	<u>31,080,194</u>
(ii) Staff Schemes		
Mortgages	313,496,470	275,172,032
Car Loan	22,234,247	23,949,447
	<u>335,730,717</u>	<u>299,121,479</u>
	<u>1,176,030,249</u>	<u>1,439,831,186</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
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

	2020/21	Restated
	<u>KShs.</u>	<u>2019/20</u>
		<u>KShs.</u>
Fixed Deposit Receipt Account (KShs)	2,287,301	169,558,797
Fixed Deposit Receipt Account (USD)	<u>12,853,230</u>	<u>11,343,864</u>
	<u>15,140,532</u>	<u>180,902,661</u>

23. Cash and Cash Equivalents

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

	2020/21	Restated
	<u>KShs.</u>	<u>2019/20</u>
		<u>KShs.</u>
Current Account	428,061,017	606,501,706
On-Call deposits	7,356,000	4,000,000
Staff Car loan/Mortgage	159,850,332	136,153,339
Cash in hand	<u>45,530</u>	<u>87,752</u>
	<u>595,312,879</u>	<u>746,742,797</u>

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

			Restated
		2020-2021	2019-2020
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1136368019	172,648,721	485,455,438
NCBA Bank Kenya	7012550017	127,151,174	4,126,762
NCBA Bank Kenya	7012550059	7,109,542	7,118,182
NCBA Bank Kenya	7012550022	92,954,639	81,636,971
Co-operative Bank of Kenya	1141163043900	28,196,941	28,155,541
Sub- total		428,061,017	606,492,894
b) On -call deposits			
Kenya Commercial bank		7,356,000	4,000,000
Sub- total		7,356,000	4,000,000
b) Staff car loan/ mortgage			
Kenya Commercial bank	1178700763	114,988,620	107,989,778
Consolidated Bank	10011202002051	44,861,712	28,163,561
Consolidated Bank	10011202002051	-	8,812
Sub- total		159,850,332	136,162,151
e) Others(specify)			
Cash in hand		45,530	87,752
		45,530	87,752
Grand total		595,312,879	746,742,797

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Property, Plant and Equipment

	Office Equipment	Computer Equipment & Access	Furniture & Fittings	Motor Vehicles	Capital Work in Progress	Total
Rate	12.5%	33%	12.50%	25%	-	-
	KShs	KShs	KShs	KShs		KShs
Cost						
As At 01.07.2020	20,268,267	168,971,032	188,212,203	209,317,063	86,322,827	673,091,392
Adjustment	-	-	-	-	(86,322,827)	(86,322,827)
Additions	2,511,626	8,642,751	32,130,315	65,527,208	33,179,660	141,991,560
Disposals	-	-	-	(4,532,600)	-	(4,532,600)
As At 30.06.2021	22,779,893	177,613,783	220,342,519	270,311,670	33,179,660	724,227,525
Depreciation						
As At 01.07.2020	14,566,483	163,821,863	116,868,652	194,101,970	-	489,358,968
Period Charge	1,627,306	7,560,746	27,204,568	26,006,889	-	62,399,510
Write off	-	-	-	-	-	-
Disposal	-	-	-	(4,532,600)	-	(4,532,600)
As At 30.06.2021	16,193,789	171,382,610	144,073,220	215,576,260	-	547,225,878
Net Book Value						
As At 30.06.2021	6,586,104	6,231,173	76,269,298	54,735,410	33,179,660	177,001,646
As At 30.06.2020	5,701,784	5,149,169	71,343,552	15,215,092	86,322,827	183,732,423

24(a) Fully depreciated assets

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	162,209,028	162,209,028
Furniture & Fittings	16,673,621	16,673,621
Motor Vehicles	192,267,061	192,267,061
Total	380,344,617	380,344,617

24(b) Derecognized asset

In the period under review the Authority derecognized a motor vehicle involved in an accident and subsequently written off in line with the provisions of IPSAS 17(82). The gain arising from de-recognition had been included in the prior year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
25. Intangibles

	Software
Rate	30%
	KShs
Cost	
As At 01.07.2020	174,205,691
Adjustment	-
Additions	-
Disposals	-
As At 30.06.2021	174,205,691
Depreciation	
As At 01.07.2020	691,210
Period Charge	-
Write off	-
Disposal	-
As At 30.06.2021	691,210
Net Book Value	173,514,481
As At 30.06.2021	173,514,481
As At 30.06.2020	173,514,481

NOTES TO THE FINANCIAL STATEMENTS (Continued)
26. Trade and other Payables

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Accounts Payables	4,979,745	21,943,842
Provisions and Accruals- Note 27	272,338,871	285,999,027
Prepaid Levy	24,251,869	27,264,896
Sundry Creditors	22,598,192	20,275,406
Receipts in Advance	550,100	-
	<u>324,718,777</u>	<u>355,483,170</u>

27. Provisions/Accruals

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 2020	24,669,106	1,400,000	259,929,921	285,999,027
Provision for the year	8,068,029	-	111,644,786	119,712,815
Payments during the year	(17,567,297)	(700,000)	(115,105,674)	(133,372,971)
As at 30th June 2021	15,169,838	700,000	256,469,032	272,338,871

	Provision for Bad Debts
As at 1st July 2020	738,902,185
Provision for the year	150,000,000
Adjustments	
Payments/Transfers	
Payments during the year	
As at 30th June 2021	888,902,185

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Authority has various members of staff on contract basis, this includes the Executive Director, General Manager – Research, Business Development and Capacity Building, the General Manager Corporate services and the General Manager Registration and Compliance. The employees on contract are entitled to gratuity payment at the rate of 31% of the basic pay on successful completion of their terms.

The policy of the Authority is to make a general provision for bad and doubtful debts at the rate of 9% of the trade receivables. 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 150 Million for the period under review.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
28. Investment Income Received

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Accrued Income B/f (Note 21)	15,100,284	23,651,283
Investment income (Note 13)	27,743,502	43,036,267
Accrued Income C/f (Note 18)	<u>(1,117,714)</u>	<u>(15,100,284)</u>
	<u>41,726,072</u>	<u>51,587,265</u>

29. Related Party Transactions

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 directors, the executive director and senior managers. The control of the Authority is exercised through the Board appointed by the Cabinet Secretary in line with the Act. The Executive Director and the Senior Management manage the day-to-day operations of the Authority. The total remuneration for the top management during the year was KShs. 95.7 Million which is included in the employee costs and executive remuneration under board expenses.

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Executive Director	8,750	5,450
General Managers	17,758	19,557
Managers	<u>69,236</u>	<u>68,083</u>
	<u>95,744</u>	<u>93,090</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. 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.

	2020/21	2019/20
	<u>KShs.</u>	<u>KShs.</u>
Balance as at 1st July 2020- Mortgage	107,989,778	120,012,002
Car Loans as at 1st July 2020	28,163,561	22,716,561
Payments into the Scheme - Mortgage	45,000,000	20,000,000
Car Loan	15,000,000	-
Total Cash Available for Disbursement	<u>196,153,339</u>	<u>162,728,563</u>
Disbursements - Mortgage	(66,383,555)	(68,816,484)
Disbursements - Car loans	(8,893,557)	(3,950,000)
Interest earned on the scheme	3,490,938.65	4,459,635
Repayments- Mortgage	26,624,546	33,586,429
Repayments - car loans	<u>12,043,328</u>	<u>8,145,195</u>
Balance as at 30 th June 2021	<u>163,035,039</u>	<u>136,153,339</u>

31. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**ii. Budget Utilization**

The Authority utilized **95%** of its recurrent budget and **31%** of its capital budget. The low utilization is attributable to the disruptions due to the COVID-19 pandemic and delayed disbursement of donor grants for implementation of donor funded activities.

32. 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. 2.1 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 2020/2021 made payment of KShs. 772 Million to the exchequer as part of the negotiations and payment plan. This is in addition to Kshs 960 million paid in the FY 2019//2020

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 2020/21 at KShs. 2.337 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Construction of the Centre for Construction Industry Development (CCID) and enhancement of the IT systems to incorporate the construction industry one-stop-shop.

33. Events after the reporting period

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

34. 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.

35. Currency

The financial statements are presented in Kenya Shillings (Kshs)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (<i>Resolved</i> / <i>Not Resolved</i>)	Timeframe:
1.	Lack of revaluation Property, Plant and Equipment	The management has initiated the process of revaluation on the class of motor vehicles in line with IPSAS 17 so as to ensure the true and fair position is reflected in the financial statements. It is also in the process of reviewing its finance policy on depreciation to adopt the reducing	Executive Director	Unresolved	30.06.22

			balance method as opposed to the current straight-line method			
2.	Purchase of ICT equipment	At the time of the said procurement which were urgently required by the Authority, the framework contracts for the ICT goods and services were not posted in their website. To ensure compliance with the directive the management has been engaging the Authority in reference to unavailability of a valid framework contract in their website.	Executive Director	Resolved		
3.	Failure to implement ERMS	The management is reviewing the its risk management framework to address the shortcomings of the implementation process	Executive Director	Unresolved		
4.	Foreign	The management is committed to ensuring that the renewal for foreign contractor licenses is pegged on the	Executive Director	Unresolved		

		<p>30% subcontracting undertaking as per the NCA Regulations 2014.</p>		
<p>5.</p>	<p>Long Outstanding debts</p>	<p>The management in its action to recover the outstanding debt, presented a paper to the board of directors during its 49th full board meeting dated 27th June 2019 on some of the strategies to be applied.</p> <p>In the FY 2019/2020, Management initiated different strategies to collect the outstanding amounts including issuance of demand notices and engaging debt collection agencies. Demand notices were issued to the private and public developers, but this didn't yield any tangible results. The Management also initiated the process of procuring a debt collection agency to aid in collecting the outstanding amounts but this process was</p>	<p>Executive Director</p>	<p>Unresolved</p>




			<p>unsuccessful as the first and second procurement bids were unresponsive. The Authority also engaged the Kenya revenue Authority to collect the outstanding amounts. This action also become challenging with the suspension of the levy which was affected from 1st January 2017.</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.</p> <p>The Board Adhoc committee completed its report which was to be tabled before the 60th Full board meeting of June 2021. However, the term of the board lapsed before the report was tabled.</p>		
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NATIONAL
CONSTRUCTION
AUTHORITY

Financial Statements and Annual Report for the Year Ended 30th June 2021

* Note; The Authority received its audit report for the FY 2019/2020 on 17th February 2022 and consequently the issues raised thereon could not be addressed substantively by the close of the period under review.



Eng. Maurice Akech, MBS
Executive Director

Date.....

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the Authority funded by development partners

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)
1	N/A	-	-	-	-	-

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Centre for Construc tion Industry Develop ment	3,200,000,000	39,359,503	1.2%	168,000,000	39,359,503	AIA

APPENDIX III: INTER-ENTITY TRANSFERS.

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

	ENTITY NAME:	National Construction Authority		
	Break down of Transfers from the State Department of Public Works			
	FY 2020/2021			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
a.	Recurrent Grants	As per Appendix IV	1,263,000,000	2020/2021
b.	Development Grants	-	-	-
c.	Direct Payments	-	-	-
d.	Donor Receipts	-	-	-
	Total		1,263,000,000	-

CPA Christine Kirimi

Manager Finance and Accounts

Sign



Eng. Maurice Akech, MBS

Executive Director

Sign



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 during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State department of, Housing and Urban Development	22.09.20	Recurrent	105,250,000	Statement of financial performance					105,250,000
State department of Public Works	07.10.20	Recurrent	105,250,000	Statement of financial performance					105,250,000
State department of Public Works	22.10.20	Recurrent	105,250,000	Statement of financial performance					105,250,000
State department of Public Works	30.11.20	Recurrent	105,250,000	Statement of financial performance					105,250,000

State department of Public Works	31.12.20	Recurrent	105,750,000	Statement of financial performance					105,750,000
State department of Public Works	02.02.21	Recurrent	104,750,000	Statement of financial performance					104,750,000
State department of Public Works	03.26.21	Recurrent	315,750,000	Statement of financial performance					315,750,000
State department of Public Works	05.05.21	Recurrent	315,750,000	Statement of financial performance					315,750,000
Total			1,263,000,000						1,263,000,000