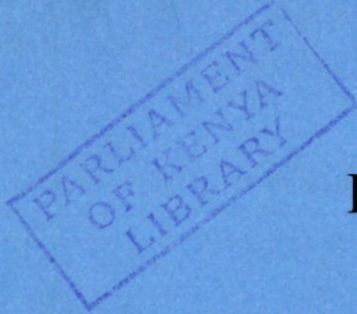


REPUBLIC OF KENYA



Enhancing Accountability



REPORT THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 18 SEP 2024 DAY: Wednesday

TABLED BY: Hon. Owen Baya, MP
Deputy Majority Party
CLERK-AT THE-TABLE: Finlay Munnisi

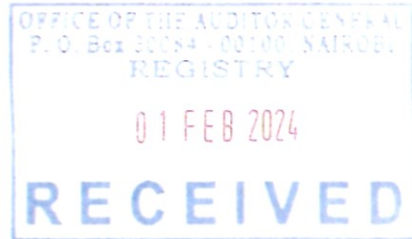
THE AUDITOR-GENERAL

ON

CHAMA CHA KAZI

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

CHAMA CHA KAZI



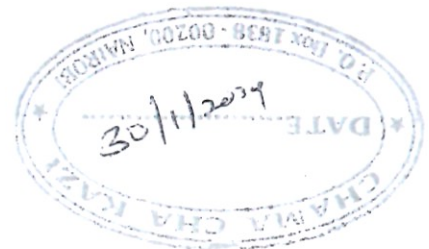
**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2023**

**Wang'ombe & Associates
Certified Public Accountants (CPA (K))
P.O. Box 4140-20100, Nakuru**

Chama Cha Kazi
Annual report and financial statements
For the year ending 30th June 2023

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WANG'OMBE & ASSOCIATES
Certified Public Accountants
(CPA (K))
P. O. Box 4140-20100, NAKURU



CHAMA CHA KAZI

REPORT OF NATIONAL EXECUTIVE COUNCIL

The Executive National Council have pleasure in submitting their report together with the Audited financial statements for the twelve months period ended 30th June 2023 which shows the state of the Party's financial affairs.

PRINCIPAL ACTIVITY

The principal activity of the Party Chama cha Kazi is to bring people together to achieve the control of the government, develop policies favourable to their interest or group that support it, and organize and persuade voters to elect their candidate to the office.

REGISTERED OFFICE

Thome Road,
J's Arcade,
B25
info@kazinapesa.co.ke.

RESULTS

The results for the months are set out on pages 3 to7.

PARTY OFFICIALS

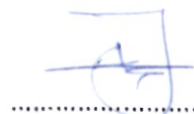
The following NEC Members served during the period:

- ❖ James Nage
- ❖ Julie Kabogo
- ❖ Philip Muchiri

AUDITORS

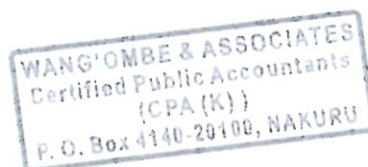
Wang'ombe & Associates CPA (K) of P.O BOX 4140-20100 Nakuru served as the independent auditors for the period and they have indicated their willingness to continue in office.

By order of the Board



..... Nakuru Date: 30/1/2024

SECRETARY GENERAL



CHAMA CHA KAZI

Report of the independent auditor

We have audited the financial statements set out on pages 3-7 which have been prepared on the basis of the accounting policies set out in note 1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

Respective responsibilities of NEC and Independent Auditors

National Executive Council (NEC) is responsible for the preparation of the financial statements. Our responsibility is to express an independent opinion on the financial based on our Audit.

Basis of opinion

We conducted our Audit in accordance with the generally accepted auditing standards. We planned and performed our Audit so as to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by NEC, as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinions.

Opinion

Subject to the foregone, in our opinion proper books of accounts have been kept and the financial statement which are in agreement therewith give a true and fair view of the Party's Financial affairs as at 30th June 2023 and of the results of its operation for the year then ended.



WANG'OMBE & ASSOCIATES
Certified Public Accountants (K)
Nakuru

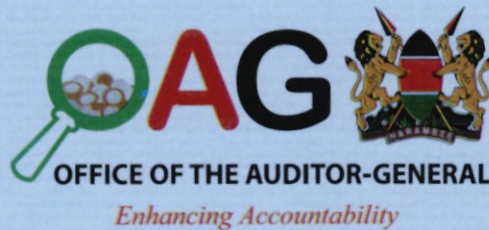
Date..... 30/01/..... 2024



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Certified Public Accountants
(CPA (K))
P. O. Box 4140-20100, NAKURU

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON CHAMA CHA KAZI FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Chama Cha Kazi set out on pages 3 to 7, which comprise of the statement of financial position as at 30 June, 2023,

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

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Presentation and Disclosure of Financial Statements

The Party's financial statements submitted for audit review did not with the Reporting Template issued by the Public Sector Accounting Standards Board (PSASB). This was contrary to the guidelines and the financial reporting template prescribed by the Board the for entities reporting under International Public Sector Accounting Standards (IPSAS) Accrual Basis of financial reporting framework.

In the circumstances, the annual report and financial statements prepared and presented for audit for the year ended 30 June, 2023 do not comply with the reporting financial template as provided by Public Sector Accounting Standards Board (PSASB).

2. Unsupported Balances

The statement of comprehensive income and expenditure reflects an amount of Kshs.4,374,496 in respect of income. However, the amount was not supported with receipt books, cash book, ledgers/schedules and bank statements. Further, the statement reflects amounts of Kshs.3,499,582 and Kshs.674,585 in respect to projects and administrative costs respectively, which were not supported with payment vouchers, cash book, ledger and schedules.

In addition, the statement of financial position reflects balances of Kshs.4,374,496, Kshs.8,938 and Kshs.1,901,019 in respect of receivables, cash and bank balance and payables, respectively. However, the balances were not supported with ledgers, schedules, bank reconciliation statements and aging analysis.

In the circumstances, the accuracy, occurrence and completeness of the balances reported in the financial statements could not be confirmed.

3. Inaccuracies in the Non-Current Assets Balance

The statement of financial position reflects a balance of Kshs.1,229,727 in respect of non-current assets which, as disclosed in Note 2 to the financial statements, includes property plant and equipment at a total cost of Kshs.1,694,115 as at 30 June, 2023. However, the assets inventory register provided for audit reflected assets with a total cost of

Kshs.1,143,115 resulting into an unexplained variance of Kshs.551,000. Further, a physical verification of the assets revealed that they did not exist.

In the circumstances, the existence, valuation and ownership of the non-current assets balance of Kshs.1,229,727 could not be confirmed.

4. Private Audit of Financial Statements

The financial statements were prepared and audited by a private auditor who also expressed an opinion on the statements contrary to Article 229(4)(f) of the Constitution and Section 35 of the Public Audit Act, 2015 all of which require the Auditor-General to audit all publicly funded institutions.

In the circumstances, Management was in breach of law.

5. Late Submission of Financial Statements

The Party's annual report and financial statements for year ended 30 June, 2023 were submitted to the Office of the Auditor-General on 1 February, 2024, four (4) months after the statutory deadline of 30 September, 2023. This is contrary to Section 81(4)(a) of the Public Finance Management Act, 2012 which states that not later than three months after the end of each financial year, the Accounting Officer for the entity shall submit the entity's financial statements to the Auditor-General and a copy of the statement to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation.

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

6. Failure to Establish Adequate Party Offices

A nationwide survey of 38 counties found the Party to have a meager presence with just nine (9) county offices contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which states that a political party shall be qualified to be fully registered if it has submitted to the Registrar the location and addresses of the branch offices of the political party, which shall be in more than half of the counties.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance

of the matters described in the Basis for Disclaimer Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and overall governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and overall governance.

I am independent of the Federal Party of Kenya 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 June, 2024

CHAMA CHA KAZI
Statement of the financial position
For the year ended 30th June 2023

	<u>Notes</u>	<u>2023</u> <u>KSHS</u>
Non- Current Assets	2	1,229,727
<u>Current Assets</u>		
Cash and bank balances	3	8,938
Accounts receivables		4,374,496
Net current Asset		4,383,434
<u>Less: Current Liabilities</u>		
Creditors	4	40,000
Directors current accounts		1,861,019
Net Current Liabilities		(1,901,019)
Total Net Assets		<u>3,712,142</u>
<u>FINANCED By:</u>		
<u>ACCUMULATED FUND</u>		
Retained earnings		3,939,142
Income & Expenditure A/C		(227,000)
Total		<u>3,712,142</u>

These financial statements were approved by:

National Executive Council on..... 30/01/2024

Treasurer / Executive Director.....  EXECUTIVE DIRECTOR

Secretary General..... 



WANG'OMBE & ASSOCIATES
 Certified Public Accountants
 (CPA (K))
 P. O. Box 4140-20100, NAKURU



CHAMA CHA KAZI
Comprehensive statement of Income and Expenditure Account
for the year ended 30th June 2023

	Notes	2023 Kshs
Income	6	
Political Parties Funds		3,914,496
Membership Subscription fee		280,000
Donations		180,000
Total Receipts		<u>4,374,496</u>
<u>Expenses</u>		
<u>Project costs</u>		
Promoting representation of SIGs		1,312,348
Civic education		1,749,784
Broadcasting policies & shaping opinions		437,450
		<u>3,499,582</u>
<u>Administration</u>		
Rent		360,000
Staff allowances & refreshments		65,000
Printing & stationery		23,670
Transport/travelling		10,500
Airtime/internet		60,000
NEC Meetings		72,000
Audit /Accountancy		40,000
Office utilities (electricity)		36,215
Promotional Materials		<u>7,200</u>
		<u>674,585</u>
<u>Finance</u>		
Bank charges & commissions		7,670
Depreciation		<u>464,390</u>
Sub-total		<u>1,146,645</u>
Total Expenses		<u>4,646,227</u>
Net surplus/ (deficit) for the year		<u>(271,731)</u>

WANG'OMBE & ASSOCIATES
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CHAMA CHA KAZI
Cash flow statements for the
Year ended 30th June 2023

	<u>2023</u> <u>KSHS</u>
<u>CASH FROM OPERATIONS</u>	
Surplus/(deficit) for the year	(1,060,858)
Add: Depreciation	<u>464,390</u>
Net cash (used in) generating from operating activities	(596,468)
<u>Changes I working capital</u>	
Increase/ (decrease) in prepayments	-
(Decrease)/increase in creditors	<u>40,000</u>
Net cash flow from operating activities	596,468
<u>Investing activities</u>	
Purchase of fixed assets	25,000
Increase in cash & cash equivalents	8,938
<u>Movement in cash and cash equivalents</u>	
At the start of the year	127,014
Increase (decrease) during the year	(118,076)
At end of the year	<u>8,938</u>

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CHAMA CHA KAZI
Notes to the financial statements
For the year ended 30th June 2023

1. SIGNIFICANT ACCOUNTING POLICIES

a) **Accounting convention**

The financial statements are prepared under historical cost convention.

b) **Income**

Grants are recognized in the periods they are received and consultancy fees are recognized on accrual basis.

c) **Fixed Assets and Depreciation**

Fixed assets are stated at cost less accumulated depreciation provision, and depreciation is charged under the reducing balance method using the following rates:-

Equipment and accessories	12.5% p.a
Computer & peripherals	30% p.a
Furniture & fittings	12.5% p.a

2. Property, Plant & Equipment

	Furniture & Fittings	Computers & EDP Equipment	Motor Vehicle	Totals
	Kshs	Kshs	Kshs	Kshs
<u>Cost/valuation</u>				
As at 01/07/2022	68,117	1,050,000	551,000	1,669,115
Additions	25,000	-	-	25,000
Disposals	-	-	-	-
As at 30/06/2023	93,117	1,050,000	551,000	1,694,115
<u>Depreciation</u>				
As at 01/07/ 2022	-	-	-	
Charge for the year	<u>11,640</u>	<u>315,000</u>	<u>137,750</u>	<u>464,390</u>
As at 30/06/2023	11,640	315,000	137,750	464,390
<u>Net book value</u>				
As at 30/06/2023	<u>81,477</u>	<u>735,000</u>	<u>413,250</u>	<u>1,229,727</u>

Land & buildings are stated based on the open market values carried out on 17th March, 2023 Prime valuers as authorized by CCK National Executive Council.

Notes to the financial statement
For the Year ended 30th June 2023

	2023 Kshs
3. <u>Cash and cash Equivalents</u>	
Cash balance	5,560
Bank Balances (Equity)	<u>3,369</u>
	<u>8,938</u>
4. <u>Creditors</u>	
(Afrek & Associates)	<u>40,000</u>
5. <u>Currency</u>	
The accounts are prepared and shown in Kenya Shillings (Kshs).	
	<u>2023</u> <u>Kshs</u>
6. (a) <u>Income</u>	
Membership subscription fee	280,000
Political Parties Fund	3,914,496
Others – Note 6 (b)	180,000
	<u>4,374,496</u>
(b) <u>Other income</u>	
Donations (Well wisher)	60,000
National Officials (for office rent)	120,000
	<u>180,000</u>

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