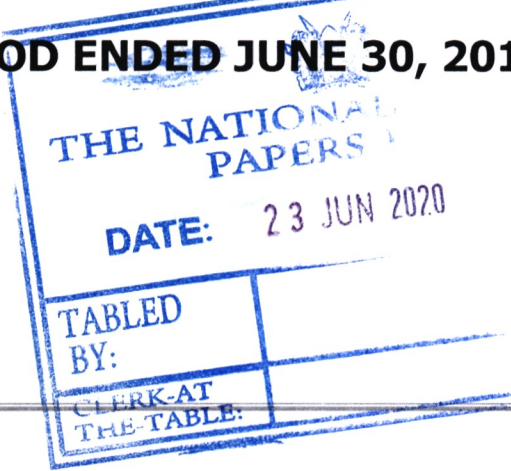


**SALARIES AND REMUNERATION COMMISSION**



**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2019**



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

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## **KEY COMMISSION INFORMATION AND MANAGEMENT STAFF**

### **(a) Background Information**

Salaries and Remuneration Commission (SRC) is established under Article 230 of the Constitution of Kenya (CoK 2010) and was operationalized by the SRC act of 2011. The commission is domiciled in Nairobi County and has three directorates i.e Directorate of Remuneration Analysis, Directorate of Research, Compliance Policy and Planning and the Directorate of Corporate Services.

### **(b) Principal activities of the Commission**

The Mandate of the Commission as provided in the Constitution of Kenya 2010 are;

- i. Set and regularly review the remuneration and benefits of all State Officers; and
- ii. Advise the National and County Governments on the remuneration and benefits of all other Public Officers

In addition to the powers and functions of the Commission under Article 230 (4) of the CoK 2010, the Commission is mandated by the Salaries and Remuneration Commission Act, 2011 to:-

- i. Inquire into and advise on the salaries and remuneration to be paid out of public funds;
- ii. Keep under review all matters relating to the salaries and remuneration of Public Officers;
- iii. Advise the National and County governments on the harmonization, equity and fairness of remuneration for the attraction and retention of requisite skills in the public sector;
- iv. Conduct comparative surveys on the labour markets and trends in remuneration to determine the monetary worth of the jobs of Public Officers;
- v. Determine the cycle of salaries and remuneration review upon which Parliament may allocate adequate funds for implementation;
- vi. Make recommendations on matters relating to the salary and remuneration of a particular State or Public Officer;
- vii. Make recommendations on the review of pensions payable to holders of Public Offices; and
- viii. Perform such other functions as may be provided by the Constitution or any other written law. The Commission under the Act Section 12 is further compelled to comply with the principle of equal remuneration to persons for work of equal value.

Further our Vision, Mission and core values are as tabulated below

<b>1.</b>	<b>Vision</b>	A productive public service that is fairly remunerated
<b>2.</b>	<b>Mission</b>	To set, review and advise on equitable, competitive and fiscally sustainable remuneration and benefits in the public sector through research and analysis
<b>3.</b>	<b>Core values</b>	Fairness Accountability Collaboration Integrity Innovation Transparency

**(c) Key Management**

The day to day management of the Commission is under the following key organs

- Commissioners
- Commission Secretary/CEO
- Directors; and
- Secretariat

**(d) Fiduciary Management**

During the fiscal period to June 30, 2019, the following members of the management team were charged with direct fiduciary responsibility:

1. Mrs. Anne Gitau - Commission Secretary;
2. Ms. Margaret Njoka - Director, Corporate Services;
3. Mrs. Grace Ogembo - Director, Remuneration Analysis;
4. Dr. David Muthaka - Ag. Director, Research Compliance Policy and Planning

**(e) Fiduciary Oversight arrangements**

1. Job Evaluation and Salary Structures Committee;
2. Wage Bill Management Committee;
3. Allowances and Benefits Committee;
4. Audit, Risk and Compliance Committee;
5. Corporate Image and Stakeholder Management Committee;
6. Corporate Support Services Committee; and
7. Legal and Policy Framework Committee.

**(f) Commission Headquarters**

P.O. Box 43126-00100,  
Williamson House, 6th floor,  
4th Ngong Avenue,  
Nairobi, KENYA

**(g)** Telephone: +254 2710071/73,  
E-mail: [info@src.go.ke](mailto:info@src.go.ke),  
Website: [www.src.go.ke](http://www.src.go.ke)

**(h) Principal Bankers**

Central Bank of Kenya,  
Haile Selassie Avenue,  
P.O. Box 60000,  
City Square 00200,  
Nairobi, Kenya.

**(i) Independent Auditors**



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.





## MEMBERS OF THE COMMISSION

 <p><b>Mrs. Lyn Cherop Mengich</b></p>	<p>Mrs. Mengich is the Chairperson of the Commission. She is a HR professional and business leader with over 25 years cross-industry experience holding strategic leadership and Board positions in Kenya, East Africa Region and Africa. Her experience spans public, public traded and private sector organizations. Highlights of her experience include; Talent and Change Manager for Shell Oil Products Africa, Regional HR Manager for 11 countries in East Africa Region, HR Director for Barclays Bank, HR Director Kenya Commercial Bank, HR Director for Smith Kline Beecham-East Africa and CEO Nuevo Consulting. She has also held Board positions at Jamii Bora Bank, NSSF and Sovereign Group.</p> <p>Mrs. Mengich is a fellow of the Institute of Human Resource Management - Kenya and holds a Master of Science in Human Resource Management, Executive Development Program from Cornell University, Advanced Management Program from Strathmore Business School (SBS) and IESE Business School in Spain. She has acquired extensive knowledge in Leadership, Governance, Management and Human Resource Management from different development programs in and outside the country.</p>
 <p><b>Hon. Dalmas Otieno, EGH</b></p>	<p>Hon. Otieno is a member of the Commission nominated by Public Service Commission and chairs the Committee on Allowance and benefits of the Commission. He was first elected as the Member of Parliament for Rongo in 1988, and retained the seat until 2017. He served as Minister for Industrialization from 1988 to 1991, Minister for Manpower Planning and Employment (1991), Minister for Transport &amp; Communications (1991-1996), and Minister for Public Service from 2008 to 2013. Hon. Otieno also had the honours to serve as Chairman of the African Ministers of Transport &amp; Communications (1994-1996), and Chairman of the Establishment Committee of RASCOM (1994).</p> <p>Hon. Otieno has served in various Boards and Parliamentary Committees including; Electricity Regulatory Board (1993-1994), Parliamentary Sessional Committee (1993-1996), Parliamentary Public Investment Committee (1996-1997), and Inter-Parties Parliamentary Group (IPPG) Committee on Legal and Constitution Reforms (1997).</p> <p>As the Minister for Public Service, Hon. Otieno spearheaded the establishment of the Salaries and Remuneration Commission. He is also credited with the transformation of the Kenya Institute of Administration (KIA) into Kenya School of Government, a Center of Excellence that offers management training, research, consultancy and advisory services to the Public Sector. It was also during this time he moved retirement age to 60 years; developed the Integrated Payroll and Personnel Database (IPPD), Integrated Records Management System (IRMIS), Government Human Resource Information System (GHRIS), Framework for preparation of Schemes of Service, and Management Guides on Human Resource Planning and Policy Architecture (HRPPA); and established the Civil Servants Medical Scheme and Training Revolving Fund among others.</p>


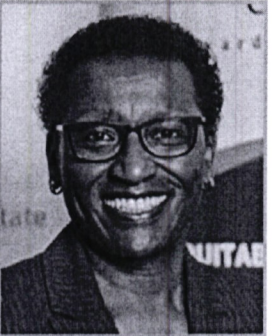



	<p>He holds a Bachelor of Science (Applied Economics) from Makerere University, Uganda. He has also undertaken Post Graduate Courses in Economics, Insurance and Finance at the University of Nairobi. Hon. Otieno also has the following professional qualifications: Associate of the Chartered Insurance Institute, London; Fellow of the Chartered Insurance Institute by Examination (FCII); and Chartered Insurance Practitioner.</p>
 <p><b>Dr. Leah Mumbua Munyao</b></p>	<p>Dr. Mumbua is a member of the Commission nominated by the Teachers Service Commission (TSC). She chairs the Corporate Image and Stakeholder Management Committee of the Commission.</p> <p>Dr. Mumbua is the immediate former pioneer Director of Academic Affairs (DAA) at the Kenya School of Government (KSG). While serving as the DAA, she strengthened the training by leading teams in the development of capacity building programs for National Government, County Governments and State Corporations for public service transformation. She also strengthened the Consultancy, Research and Advisory mandate of the School by developing policies and procedure manuals for internal capacity of faculty. Dr. Mumbua is an Educationist with 30 years' experience in education management and planning. She has an in-depth understanding and experience in corporate governance, program development, implementation, and review process.</p> <p>Dr. Mumbua possesses remarkable wealth of experience in strategic leadership in specialized training institutions in the public and private sector. While serving as the Director of Kenya Institute School of Management (KIMSOM), she successfully spearheaded the transformation process leading to establishment of the Management University of Africa (MUA), where she served as the pioneer Director Institutional Development and Quality Assurance and Registrar Academic and Student Affairs.</p> <p>Dr. Mumbua holds a Bachelor of Education – Arts (Kenyatta University), Master's Degree in Education Administration and Planning (UoN), Master Degree in Business Administration (Esami Business School) and Doctor of Philosophy - Education Administration and Planning (Catholic University of Eastern Africa), with a focus on quality assurance management. She also holds a Certificate in Global Diplomacy (Diplomacy in the Modern World) from University of London.</p>
 <p><b>Mr. John Kennedy Monyoncho</b></p>	<p>Mr. Monyoncho is a member of the Commission nominated by Defence Council. He chairs the Wage bill Management committee of the Commission. Mr. Monyoncho has over 20 years of experience in senior management in both public and private sector having worked with the Salaries and Remuneration Commission where he rose to Director of Research, Compliance, Policy and Planning. He also worked at Kenya National Bureau of Statistics where he rose to a Technical Manager, Kenya Integrated Household Budget Survey Programme where he was a Logistics and Administration and Research Manager, Nairobi Securities Exchange as an Administration Officer, and in the Ministry of Finance and Economic Planning as a Technical Assistant to the Economic Secretary.</p>





	<p>Mr. Monyoncho is currently pursuing a PhD degree at the University of Nairobi. He holds an MBA in Finance and Bachelor's Degree in Economics from the University of Nairobi, and a Bachelor of Science Degree in Statistics from Poona University (India).</p>
 <p><b>Ms. Margaret Sawe</b></p>	<p>Ms. Sawe is a member of the Commission nominated by Senate on behalf of the County governments. She has vast experience in the field of Human Resource having worked in various organizations including the County Government of Uasin Gishu as County Executive Committee Member (2013 – 2017), Sian Agriflora Ltd as the Group Human Resource Manager (2009-2013), Chevron(K)/Caltex, International Committee of the Red Cross (ICRC), and Unga Limited. The achievements she has made in the key organizations she has served in include; improvement of employee relations, development of organizational structures, HR policies and strategies in line with the organizations' strategic plans, preparing and executing budgets for the HR operations and provide advisory services on HR issues.</p> <p>Ms Sawe is a licensed Human Resource practitioner. She holds a Master's Degree in Business Administration (UoN), Post Graduate Diploma (Institute of Human Resource Management-IHRM) and a Bachelor Education (Home Economics) Degree from Kenyatta University.</p>
 <p><b>Ms. Nelly Peris Ashubwe</b></p>	<p>Ms. Ashubwe is a member of the Commission nominated by Central Organization of Trade Unions. She chairs the Legal and policy Framework committee of the Commission. Ms. Ashubwe is an Advocate of the High Court of Kenya, and formerly a Managing Partner at Eshiwani Ashubwe and Company Advocates LLP, where she represented clients in high stakes in employment and labour related matters, especially Trade Unions in Kenya. Some of her clients included subsidiary companies of Export Processing Zone (EPZ) such as the EPZ Africa Apparels, EPZ Supra Textiles, EPZ Sunflag, EPZ Alliance Garments, Central Organization of Trade Unions (COTU), Kenya Plantation and Agricultural Workers Union, Kenya County Government Workers Union, Kenya Shoe and Leather Workers Union and Kenya National Union of Nurses (KNUN).</p> <p>Ms. Ashubwe trained as a pupil at J. A. Guserwa and Company Advocates, where she later became an Associate. She is passionate about the rights of children, and has co-authored a book with the Kenya Literature Bureau titled 'Child Rights and Child Protection (ECDE Diploma)'. In addition, through her law firm, she has trained a number of lawyers who have undertaken their pupillage under her tutelage and guidance.</p> <p>Ms. Ashubwe holds a Diploma in Law from the Kenya School of Law, Law Degree from the University of Nairobi and a Bachelor of Education Degree from Kenyatta University. Ms. Ashubwe has grown to become a mother, mentor, educationist and philanthropist among many things. A gourmet in her own right, her world takes a different trajectory when she engages in culinary explorations.</p>




	<p>Dr. Komora is a member of the Commission nominated by the Federation of Kenyan Employers (FKE). He chairs the Job Evaluation and salary structure Committee of the Commission. Dr. Komora was previously the General Manager of Human Resources &amp; Administration at Kenya Ports Authority (KPA) having risen from position of Head of Human Resources. He has also worked at KRA, where he rose through the ranks from Graduate Trainee to Assistant Commissioner Human Resources.</p> <p>Some of his notable achievements include: he played a key role in managing the transition from the Anti-Corruption Police Unit (ACPU) to the Kenya Anti-Corruption Commission (KACC) and midwifed the transition to the now Ethics and Anti-Corruption Commission (EACC); and he was a Member of the National General Wages Council by the Minister for Labour, Social Security and Services for a Three Year Term under the Labour Relations Act, 2007. Dr. Komora holds a Doctor of Philosophy (PhD) in Human Resources Management, Master of Science (MSc.) in HRM, a Bachelor of Arts Degree (Anthropology/Sociology), and a Higher Diploma from the former Institute of Personnel (IPM), Kenya. He is a member of the Institute of Human Resource Management (IHRM) and serves in the Governing Council of IHRM, and also a Chairman of College of Human Resource Management (CHRM).</p>
	<p>CPA. Moturi is a member of the Commission, nominated by the Association of Professional Societies in East Africa (APSEA). She is currently a Trustee of the Kenya Professionals Development Fund of APSEA APSEA and a Board Member at World Youth Alliance - Kenya. She was previously a Board Member in the Public Sector Accounting Standards Board (PSASB) Kenya, a Governing Council Member of the International Leadership University (ILU), Trustee in Micro Enterprises Support Programme Trust (MESPT), Chairperson of the Association of Women Accountants of Kenya, Treasurer and Council Member in APSEA representing ICPAK, member of the Professional Standards Committee of ICPAK and Chairperson of the Nyeri County Executive Audit Committee among others.</p> <p>More so, CPA. Moturi has worked as a Country Director and Finance and Administration Manager for Non governmental organizations; and for Price Waterhouse as Auditor and Accountant.</p> <p>CPA Moturi holds a Master's Degree in Banking and Finance (Microfinance) and a Bachelor of Commerce (Accounting Option) Degree. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Association of Women Accountants of Kenya.</p>
	<p>Mr. Muhoro is a member of the Commission nominated by the National Police Service Commission. He chairs the Corporate Services Committee of the Commission. Mr. Muhoro holds a Bachelor Degree in Literature in English, Political Science, and Philosophy from University of Nairobi, Kenya. He joined the Civil Service (Provincial Administration) in 1978 rising to the position of District Commissioner. He transferred in the Central Government from 1991 as Senior Assistant Secretary and rose to the position of Senior Deputy Secretary. In his wide career of service he served as Ag. Director Kenya Marine and Fisheries Research Institute, Mombasa from 1999 to 2000. He helped in setting up the Interim Independent Boundaries</p>



Salaries and Remuneration Commission Draft Annual Report and Financial Statements For the Year Ended June 30, 2019

	<p>Commission from 2009 to 2010, as the Chief Executive Officer and also the National Police Service Commission from 2012 to 2013. In his tenure of office he has had extensive training and experience in Public Administration and Management from various public institutions within and outside the Country.</p>
 <p><b>Dr. Kamau Thugge, MBS</b></p>	<p>Dr. Kamau Thugge is currently the Principal Secretary at The National Treasury and represents the Treasury in the Commission. He has previously worked in the Ministry of Finance as Head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance he worked with the International Monetary Fund (IMF) as Economist/Senior Economist and Deputy Division Chief. Dr. Thugge holds a Bachelor of Arts (Economics) Degree from Colorado College, USA; Master of Economics from John Hopkins University, USA; and a Doctor of Philosophy (PhD) in Economics, also from John Hopkins University.</p>
 <p><b>Professor Margaret Kobia PhD, MGH</b></p>	<p>Professor Margaret Kobia is currently the Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs. Prior, she was the Chairperson of the Public Service Commission (PSC) and Vice Chair Judicial Service Commission (JSC). She is an Associate Professor of Management and Entrepreneurship.</p> <p>As the Chairperson of the PSC, she provided strategic leadership on policy direction regarding Human Resource Management and Development in the Public Service. Prior to joining the PSC, she was the founding Director General of the Kenya School of Government (KSG). Between 2005 and 2013, she served as the Director/CEO of the Kenya Institute of Administration and made a profound contribution in transforming the institution into a truly modern Management Development Institute (MDI) leading to the Institute's elevation to KSG. Professor Kobia has taught Management, Entrepreneurship and Research Methods at University level. Between 2011 and 2016, Professor Kobia served as the Chief Editor of the refereed African Journal of Public Administration and Management.</p> <p>In recognition of her distinguished service and contributions to national development, she was awarded the Order of Grand Warrior (OGW), First Class Order of Chief of Burning Spear (CBS) by the President of Kenya in 2007 and 2009, respectively. Professor Kobia was the winner of the Commonwealth Gordon Draper Award 2010 for her strong leadership and outstanding contributions in improving public administration in the Commonwealth. In 2011, she was honoured by the American Biographical Institute for her dedication and contribution to management in the public service. In 2014, she won a regional recognition as Africa's most influential woman in Business and Government awarded by CEO Magazine of South Africa. In 2016, she was awarded the highest Head of State Honours of Moran of Golden Heart (MGH) for her strong excellent leadership in public service.</p>



	<p>Professor Kobia sits on a number of Public Sector Management Boards. At the International level, she is a member of the UN Committee of Experts on Public Administration (CEPA), that advises UN Economic and Social Council, the Vice President of the Commonwealth Association of Public Administration Management (CAPAM), a member of International Commission on Accreditation of Public Administration Education and Training Programs and Co-chair of the Effective Institutions Platform (EIP). As an active academic, Professor Kobia supervises PhD research students. Her research interests include: Public Sector Reforms, Performance Management Training and Knowledge Management.</p> <p>Professor Kobia holds a PhD Degree in Human Resource Education of the University of Illinois, M.Ed. of Kenyatta University and B.Ed. of the University of Nairobi. She received her 'O' and 'A' level education at Alliance Girls High School.</p>
 <p><b>Kennedy Ogeto, EBS</b></p>	<p>Kennedy Ogeto was admitted to the Bar in 1991 after completing his post-graduate diploma in law at the Kenya School of Law, Nairobi. He has practiced law with several legal institutions including Ogetto Otachi and Company Advocates, and Kilonzo and Company Advocates in Nairobi.</p> <p>Kennedy Ogeto was appointed Solicitor General of the Republic of Kenya in March 2018. Prior to his appointment, Mr. Ogeto distinguished himself as lead defense counsel at the United Nations International Criminal Tribunal for Rwanda, Arusha, Tanzania; United Nations Special Court for Sierra Leone, Freetown Sierra Leone before being admitted to the list of counsel at The International Criminal Court in The Hague, The Netherlands.</p> <p>An accomplished legal expert, Mr. Kennedy Ogeto has written extensively on the defense of international crime suspects. His other areas of expertise include: Commercial and Company Law, Mergers and Acquisitions, and Alternative Dispute Resolution.</p> <p>In December 2016, Mr. Ogeto was awarded the Order of the Elder of the Burning Spear (EBS) by His Excellency the President of Kenya in recognition of his work in the legal field. In 2000, he was appointed to serve for a period of two years as the President of the Association of Defence Attorneys at the United Nations International Criminal Tribunal for Rwanda (ADAD), a responsibility he handled with dedication and diligence.</p> <p>Mr. Ogeto has served as board member for various institutions amongst them the Kenya Ports Authority, Ecobank Limited, and at the Africa Centre for Rights and Governance. He is deeply involved in several charity projects that sponsor the education of children from disadvantaged backgrounds.</p>



Salaries and Remuneration Commission Draft Annual Report and Financial Statements For the Year Ended June 30, 2019



**Mrs. Anne Rwamba Gitau, MBS**

Mrs Anne Gitau is the Commission Secretary. She is a respected Human Resources Professional and leader with over ten years of comprehensive human resources experience ranging from the private sector to the public sector and with diverse and solid experience ranging from human resources consultancy to human resources management.

Mrs. Gitau is currently pursuing PhD from the School of Business in Organizational Development at the University of Nairobi. She also has a Master's Degree in Business Administration from the Nairobi University and a Bachelor of Education from Egerton University.

Mrs. Gitau has worked at the Higher Education Loans Board (HELB) as a Human Resources and Administration Manager and Industrial Development Bank.

## MANAGEMENT TEAM

 <p><b>Mrs. Anne R. Gitau, MBS Commission Secretary/CEO</b></p>	<p>Mrs Anne Gitau is the Commission Secretary. She was appointed to the position in June 2015. Previously, she was the Dep. Comm Secretary from April 2012 year to March 2014 when she was appointed as Ag CS. She is a respected Human Resources Professional and leader with over ten years of comprehensive human resources experience ranging from the private sector to the public sector and with diverse and solid experience ranging from human resources consultancy to human resources.</p> <p>Mrs. Gitau is currently pursuing PhD from the School of Business in Organizational Development at the University of Nairobi. She also has a Master's Degree in Business Administration from the Nairobi University and a Bachelor of Education from Egerton University.</p> <p>Mrs. Gitau has worked at the Higher Education Loans Board (HELB) as a Human Resources and Administration Manager and Industrial Development Bank.</p>
 <p><b>Margaret Njoka Director, Corporate Services</b></p>	<p>Ms. Margaret Njoka is the Director Corporate Services. She was appointed to the position in February 2017. She holds Master's Degree in Business Administration and Bachelor's degree in Commerce (Accounting) both from Kenyatta University.</p> <p>She is a Certified Public Accountant (K), Credit Management Professional and a qualified Human Resource and Administration Practitioner.</p> <p>Ms. Margaret has over 15 years of experience in Finance and Human Resource in senior management in both public and private sector having worked at Tourism Fund in Finance and Human Resource Management She also worked at Brookside Dairy Ltd and Nairobi Women's hospital</p>
 <p><b>Mrs. Grace Ogembo Director Remuneration Analysis</b></p>	<p>Mrs. Grace Ogembo is the Director of Remuneration Analysis. She holds a Master of Arts degree in Economic Policy Management from Makerere University and a Bachelor of Arts Degree from University of Nairobi.</p> <p>Previously, Ms. Ogembo worked as Deputy Chief Economist at the Permanent Public Service Remuneration Review Board, Ministry of State for Public Service; and as Principal Economist at the Macro Economic Planning Department at the Ministry of Planning and National Development.</p>
 <p><b>Dr. David Muthaka Ag. Director, Research Compliance Policy and Planning</b></p>	<p>Dr. David Muthaka joined the Commission in 2015 as a Deputy Director in charge of Policy and Planning. He has a Phd in Economics and MA Economics from University of Nairobi, Kenya. He has 18 years of experience that spans a career in Academic and Policy Research, Public Policy Analysis, Planning and Capacity Building. He is currently the Acting Director, Research, Compliance, Policy and Planning. Dr Muthaka worked previously at Kenya Institute for Public Policy Research and Analysis (KIPPR), where he rose from a Research Assistant to an experienced Public Policy Analyst, spearheading and leading the Health Research Function at the Institute. He has extensive knowledge in Public Expenditure Tracking and Reviews, Social Budgeting, and Review of Policy Frameworks. He was the Project Leader for the Review of Kenya Health Policy Framework 1994-2010, whose findings informed the current Kenya Health Policy, 2012-2030. Dr. Muthaka's research work has been published widely in journals, book chapters and peer-reviewed publications.</p>



## **CHAIRPERSON'S STATEMENT**

I am pleased to present the Salaries and Remuneration Commission 2018/2019 Annual Report. This Report captures highlights of the activities and accomplishments of the Commission over the year ending June 30, 2019. It is worth noting that period under review coincides with the term of the second Commission and I am pleased to report that the new team has hit the ground running. Indeed the Commission has since its appointment in September 2018, been busy handling the Public Service Job Evaluation appeals, which I am sure you will agree with me is a sensitive matter that requires detailed analysis and tactful approach. I am pleased to report we are on the verge of concluding the issue.

In June 2018, the Commission unveiled its new 2019/20-2023/24 Strategic Plan whose overriding theme is Rewarding Productivity. The five-year Plan has identified five strategic outcomes which are as follows:-

- i. Establish an affordable and fiscally sustainable remuneration and benefits regime;
- ii. Reward performance and productivity in the public service;
- iii. Facilitate equitable and fair remuneration;
- iv. Enable the public service to attract and retain requisite skills; and
- v. Enable the public service to pay equal pay to persons for work of equal value.

The Commission also reviewed its Vision and Mission statements. The new revised Vision statement is *A productive public service that is fairly remunerated* while the Mission statement is *To set, review and advise on equitable, competitive and fiscally sustainable remuneration and benefits in the public sector through research and analysis.*

The Commission is keen to further develop deep expertise and multi-skilling among its staff in remuneration. These will be anchored on data driven analytics and decisions, as well as more efficient customer service in a collaborative environment. The Commission will continue to implement a robust stakeholder engagement with a view at strengthening collaboration, thereby understanding and embracing SRC's advisories.

I would like to thank the members of our hard-working, engaged and committed Commissioners for their work over the past year. I am very grateful to all of them for their service, leadership and guidance. I would also like to thank the Commission staff for their outstanding efforts and achievements throughout the year in advancing the important work of SRC within the country.



**Mrs. Lyn Mengich**  
**CHAIRPERSON**



## **REPORT OF THE CHIEF EXECUTIVE OFFICER**

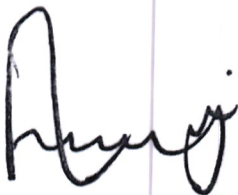
The 2018/2019 Financial Year coincided with the appointment of the second set of Commissioners and lapse of the previous Strategic Plan. The Chairperson and Commissioners were sworn into office on September 26, 2018; and the Commission was busy throughout the year with a number of key activities including induction, meeting various stakeholders, clearing back log especially on Job Evaluation for Public Service appeals, and coming up with the second Strategic Plan.

During the year, SRC in collaboration with the World Bank, completed the study on Public Wage Bill Management to provide a better understanding of the key wage bill management issues, and provide clear and appropriate policies to strengthen the fiscal affordability of the wage bill, both at the National and County levels. This study will also help in benchmarking MDAs against each other on wage bill policies and practices, and public sector outputs and outcomes.

Further, the Commission came up with the 2019/2020 – 2023/2024 Strategic Plan. The goals and initiatives of the plan will guide the Commission for the next five years. The plan also highlights the activities that shall support the five Key Result Areas (KRA) which include: fiscal sustainability of public service wage bill, remuneration and benefits, policy and legal framework, collaborations and partnerships; and institutional capacity.

The Commission also held various consultative meetings with various institutions including the Executive, Parliamentary Service Commission, Public Service Commission, Judiciary, Office of Director of Public Prosecution, Office of Solicitor General, and various Ministries, Constitutionals and Independent bodies, parastatals, development partners among others. This has greatly assisted in building compliance to SRC's advisories.

I would like to thank the Chairperson, Commissioners and Secretariat of the Commission for their collective effort in propelling SRC towards meeting its mandate. I am also deeply indebted to our stakeholders at both the National and County Governments, and our Development partners for the support granted to the Commission which went a long way in enabling the Commission achieve its objectives for the year.



**Mrs. Anne R. Gitau, MBS**  
**Commission Secretary/CEO**

## **CORPORATE GOVERNANCE STATEMENT**

The Objects of the Salaries and Remuneration Commission, other Commissions and the Independent Offices are stipulated under Article 249 of the Constitution of Kenya. In fulfilment of the objects, the Commissioners assume the ultimate responsibility in ensuring that the Commission is accountable to the public and complies with the highest standards of corporate governance.

The Commission believes in embracing Corporate Governance through creation of the right corporate culture and values. The Commission exercises due care in ensuring that the management of the Commission affairs is carried out in the best interest of the government and the public. The Commissioners and the management possess a range of requisite skills, qualifications and experience to manage the Commission and work in compliance with the provision of Chapter Six of the Constitution of Kenya.

### **Responsibilities**

In recognition of their ultimate responsibility on the Commission affairs, the Commissioners' focal point to guide their decisions and actions is based on a foundation of good governance, and on the Commission's core values which are fairness, accountability, collaboration, integrity, innovation and transparency.

The roles and responsibilities of the Commissioners include, but not limited to the following;

- Formulation and approval of the Commission's vision, mission, core values, strategy and work plans;
- Approval of annual budget and the final financial statements; and
- Approval of operational policies and manuals.

### **Role of the Chairperson**

The Commission is chaired by the Chairperson who is appointed by the President of the Republic of Kenya in accordance with provisions of Article 230 (2) of the Constitution and Section 4 of the Salaries and Remuneration Act, 2011.

The Chairperson is responsible for the overall Commission's leadership and its effectiveness; ensures that key tasks of the Commission are properly understood by the Commissioners and the Secretariat; and assumes overall responsibility for all the Commission's decisions, severally with other Commissioners.

### **Role of the Commission Secretary**

The Commission Secretary is appointed by the Commission in accordance with Section 16 of the Salaries and Remuneration Act, 2011. The Commission Secretary doubles as the Secretary to the Commission and the head of the Commission Secretariat.

The Commission Secretary is responsible for the overall leadership and day-to-day management of the Commission's operations; efficient and effective management of the Secretariat; performance management, operational controls, ethical conduct, and good corporate governance.

### **Commission Structure and Composition**

The Commission is composed of the Chairperson, ten members, who are nominated by various bodies and appointed by the President of the Republic of Kenya and three ex- officio members



who are representatives of the Government ministries. Seven Commissioners representing various bodies were gazetted on 11<sup>th</sup> September 2018. Two representatives from Parliamentary Service Commission and Judicial Service Commission are yet to be appointed.

Functions of the Commission are carried out under a defined structure made up of the Full Commission, defined and/or ad hoc Committees which facilitate the discharge of the Commission's mandate. The Committees assist the Commission in its responsibilities and obligations in ensuring that there are independent overights of internal controls and risk management.

### **Commissioners' Remuneration**

The Commission and its Committees meet regularly in accordance with annual schedules. Following the miscellaneous amendment to the SRC Act, eleven (11) Commissioners are serving on a full time basis earning a salary from the Consolidated Fund Services (CFS) while the three ex-officials earn a sitting allowance for the meetings they attend up to a maximum of 8 meetings per month.

### **Commission Meetings and Commission Committees**

The Commission has a structured system of operation made up of committees to assist it in discharging its mandate, responsibilities and obligations. The Commission delegates specific functions to selected Committees with defined formal terms of reference, without abdicating its ultimate responsibility. The terms of reference clearly identify matters reserved for the Full Commission and Committees. The Committees make recommendations to the Full Commission, for consideration and adoption/resolution.

The membership and chairmanship of the Commission Committees is regularly reviewed by the Commission, which is responsible for filling any vacancies. The Commission is cognizant that members collectively have sufficient qualifications and experience to fulfil the duties of the respective Committees. The elected Chairpersons appraise the Full Commission meetings of their activities on a regular basis, through oral and/or written reports. The agenda items for the Commission meetings are set in consultation with the Chairpersons of the Committees.

During the year the Commission had 7 Committees. Their function and membership are discussed below;

#### **a. Wage Bill Management Committee**

The Wage Bill Management Committee was in charge of matters related to national wage bill management to ensure that the total public wage bill is sustainable and preparation of remuneration guidelines towards achieving a sustainable wage bill. It was chaired by Mr. John K. Monyoncho. Members included CPA Sophie Moturi, Ms. Nelly P. Ashubwe, and Mr. James M. Muhoro. The Committee held a total of twenty (20) meetings during the year under review.

#### **b. Job Evaluation (JE) and Salary Structures Committee**

The Job Evaluation and Salary Structures Committee was in charge of the development and implementation of a robust policy framework for JE in the Public Service, developing and



supporting implementation of JE guidelines and provide oversight in the review of job evaluation appeals. It was chaired by Dr. Amani Y. Komora, with Dr. Leah M. Mumbua and Mrs. Catherine Wahome as members. The Committee held sixteen (16) meetings during the year under review.

**c. Legal and Policy Framework Committee**

The Committee was charged with ensuring that legislation, regulations and guidelines are in accordance to the Commission's constitutional mandate and provide guidance on alternative dispute resolution mechanisms among others. It was chaired by Ms. Nelly P. Ashubwe, with Mr. James M. Muhoro, Mr. John K. Monyoncho and Mr. Kennedy Ogeto as members. The Committee held nine (9) meetings during the period under review.

**d. Corporate Image and Stakeholder Management**

The mandate of this committee was to develop and approve stakeholder engagement strategy with supporting processes to manage communications to stakeholders. The Committee was chaired by Dr. Leah M. Mumbua, with Dr. Amani Y. Komora, Hon. Dalmás A. Otieno, and Ms. Margaret Sawe as members. The Committee held four (4) meetings during the year under review.

**e. Corporate Support Services Committee**

Corporate Support Services Committee mandate included, but not limited to, overseeing the development and implementation of the Commission's strategic plan, providing oversight and governance on issues pertaining to administration, human resource management and financial services . It was chaired by Mr. James Maina Muhoro. Members included, Dr. Leah M. Mumbua and Ms. Margaret Sawe as members. The Committee held eleven (11) meetings during the period under review.

**f. Audit, Risk, and Compliance Committee**

The Audit, Risk and Compliance Committee mandate was to examine internal and external audit reports, review the Commission's financial statements, risks and internal controls and compliance. It was chaired by CPA Jane Muthaura during the year under review. Other members included CPA Sophie Moturi, Dr Kamau Thugge and CPA James Sambu. The Chairperson of the committee CPA Jane Muthaura and CPA James Sambu are independent members and serve on part-time basis. The Committee held seven (7) meetings during the year.

**g. Allowances and Benefits Committee**

The mandate of this committee was to advise on the allowances and benefits payable in the Public Service and provide oversight in development and make recommendations to the Commission on policy direction on allowances in the Public Service. The Committee was chaired by Hon. Dalmás A. Otieno. The other members included CPA Sophie Moturi, Dr. Kamau Thugge and Ms. Margaret Sawe. The Committee held twenty two (22) meetings during the year.

Salaries and Remuneration Commission Draft Annual Report and Financial Statements For the Year Ended June 30, 2019

During the year, the Commission held a total of one hundred and fifty one (151) meetings comprising of sixty two (62) full Commission and eighty nine (89) committee meetings as reflected in the table below.

No.	Name	COMM	WBMC	JE&SSC	L&PFC	CI&SM	CSC	AR&CC	A&BC
1	Mrs. Lyn Cherop Mengich	62	N/A	2	N/A	N/A	N/A	N/A	N/A
2	Hon. Dalmas Otieno, EGH	62	N/A	N/A	N/A	4	N/A	1	22
3	Dr. Leah Mumbua Munyaio	61	N/A	16	N/A	4	10	N/A	N/A
4	Mr. John Kennedy Monyoncho	49	20	1	5	N/A	N/A	N/A	N/A
5	Ms. Margaret Sawe	57	N/A	4	N/A	3	9	N/A	20
6	Ms. Nelly Peris Ashubwe	59	18	N/A	9	N/A	7	1	N/A
7	Dr. Amani Yuda Komora	52	N/A	14	N/A	3	N/A	N/A	N/A
8	CPA Sophie Moturi, MBS	60	7	1	3	N/A	N/A	4	19
9	Mr. James Maina Muhoro, OGW	52	20	N/A	9	N/A	11	N/A	1
10	Prof. Margaret Kobia PhD, MGH/ Ms. Catherine Wahome	41	N/A	16	N/A	N/A	N/A	N/A	N/A
11	Kennedy Ogeto, EBS/Ms. Christine Agimba	25	2	N/A	6	N/A	N/A	N/A	N/A
12	Dr. Kamau Thugge EBS/Mr. Francis Anyona	24	N/A	N/A	N/A	N/A	N/A	1	12
<b>Independent Members of the Audit Committee</b>									
1	CPA Jane Muthaura	N/A	N/A	N/A	N/A	N/A	N/A	7	N/A
2	CPA James Sambu	N/A	N/A	N/A	N/A	N/A	N/A	6	N/A
<b>Total Meetings Held</b>		<b>62</b>	<b>20</b>	<b>16</b>	<b>9</b>	<b>4</b>	<b>11</b>	<b>7</b>	<b>22</b>

**Key:**

<b>COMM.</b>	-	Commission/Plenary meetings
<b>WBMC</b>	-	Wage Bill Management Committee
<b>JE&amp;SSC</b>	-	Job Evaluation and Salary Structures Committee
<b>L&amp;PFC</b>	-	Legal and Policy Framework Committee
<b>CI&amp;SM</b>	-	Corporate Image and Stakeholder Management
<b>CSC</b>	-	Corporate Services Committee
<b>AR&amp;CC</b>	-	Audit, Risk and Compliance Committee
<b>A&amp;BC</b>	-	Allowances and Benefits Committee
<b>N/A</b>	-	Not applicable (the Commissioner is not a member of the Committee)

**Statement of Compliance and Conflict of Interest**

Conscious of its responsibilities to members, service providers, suppliers, creditors, employees and society, the Commissioners issued a statement at the end of the year confirming that they have complied with the law, conducted their affairs in accordance with the best principles and practices of corporate governance, and that to the best of the Commission



and management's knowledge, no person, employee or agent acting on behalf of the Commission with the knowledge of authority of the Commission or management, committed any offence under the Prevention of Corruption Act or indulged in any unethical behavior in the conduct of the Commission's business, or been involved in money laundering, or any practice or activity contrary to national laws or international conventions.

### **Code of Conduct**

Each Commissioner derives his or her authority and position from a legitimate nomination procedure. However, on becoming a member, each Commissioner becomes bound by the overriding fiduciary duty to act in good faith in pursuit of the best interests of the Commission members as a whole. In the discharge of their duties, Commissioners operate within the framework of a collective Commission.

In order to enable the Commissioners to operate effectively and in the best interest of the Commission, all Commissioners observe rules and regulations governing the conduct of Commissioners as contained in the Commission manual.

### **Risk Management**

The Commissioners are committed to a process of Enterprise Risk Management that guides in the identification of strategic and operational risks through a structured, systematic, proactive and integrated process. This is done through a risk management framework which enables management to focus in a comprehensive and holistic manner on all risks faced by the Commission. A risk management policy established by the Commission is one of the important steps in ensuring that management identifies and manages all risks and Commissioners provide oversight as well as policy direction in managing risks.

#### **a. Risk Management Structure and Roles**

Risk management on an enterprise wide basis requires an integrated approach between the various risk-related specialists, department and staff. The risk management structure of the Commission comprises of the Audit Committee, the management team and a risk committee at the Secretariat level composed of representatives from each department.

#### **b. Role of the Audit Committee**

The Commission has established committees among them the audit committee, whose mandate is to implement and monitor implemented risk management framework established by the Commission. The Committee also ensures that risk management system implemented by management meets the requirements set out in the policy.

#### **c. Role of Internal Audit and Risk**

In addition to implementation of risk management framework, the Commission has an independent internal audit and risk department whose function is to provide independent

assurance to the Commission and management through structured audits, reviews, testing and other techniques, carrying out risk based audits, reporting on effectiveness and efficiency of risk management process as well as reporting on Commission's compliance with the risk policy. Continuous risk assurance audits were conducted during the year to review the Commission's risk status. A review of the strategic and operational risk registers was undertaken.

#### **d. Role of Management Team**

The Management team's role in risk management is that of implementing the risk framework established by the Commission. In addition, the management receives and approves the quarterly reports on operational risk management issues, reports any strategic risks identified to the Audit Committee and the Commission.

The management team also approves risk mitigating actions to be taken by the Secretariat's risk committee and contributes to the development of the Risk Management System and arranges internal audits on the risk management process at appropriate intervals on behalf of the Commission.

#### **e. Risk Categories**

The Commission has identified and categorized risks as follows;

- Strategic risks: These arise out of the Commission's strategic plan,
- Financial risks: They are associated with the financial aspect of the Commission,
- Operational risks: These are risks associated with the operations of the Commission,
- Legal and regulatory risks: Legal risks can arise from non-compliance with the legal and regulatory requirements.

#### **f. Risk Training and Awareness**

The Commission's commitment to risk management has also been evidenced by the awareness and continuous training given to the members of the Commission, management and the staff of the Commission throughout the year.



## **MANAGEMENT DISCUSSIONS AND ANALYSIS**

### **1. Strategic direction**

The Commission developed and launched a second Strategic Plan during the year. The plan covers the period 2019/20-2023/24 and coincides with the term of the second Commission and, most notably, coincides with the implementation of the Government's Big Four Agenda and the Third Medium Term Plan of Vision 2030. The goals and initiatives of the Strategic Plan will provide guidance for the Commission over the next five years as it develops activities to realize the stated objectives. These activities support the key result areas of "Fiscal Sustainability of Public Service Wage Bill", "Remuneration and Benefits", "Policy and Legal Framework", "Collaborations and Partnerships"; and "Institutional Capacity".

### **2. Operation Performance Analysis**

The activities that were implemented by the Commission cut across five thematic areas. The strategic themes are the key performance areas in which the Commission prioritize to excel at in order to achieve its mandate and deliver value to customers. The Commission themes are grouped in the following categories:

- (i) Policy and legal framework;
- (ii) Remuneration and benefits management;
- (iii) Compliance;
- (iv) Corporate image and stakeholders' engagement; and
- (v) Institutional capacity.

The following were the key activities that were identified for implementation during the financial year 2018/19:

#### **(a) Impact of Wage Bill on Economic Transformation: Kenyan Perspective**

A study on the above topic was carried out. The report highlighted the impact of wage bill on economic transformation in the following aspects:

The negative impact of the bloated Government wage bill on sustainability of the country's growth trajectory. The evaluation of the interactions between the growing public sector wage bill and private sector appears to suggest that the latter suffers from insufficient skilled labor supply, pressure to increase wages, higher employee turnover and direct difficulties to compete with public sector. Notwithstanding the adverse short-term macroeconomic effects, there are benefits from government wage bill reform that go beyond the objective of fiscal consolidation. Rationalization of government wages and employment policies can generate favorable labour market effects in the medium to long term through competitiveness and efficiency gains.

### **(b) Public Wage Bill Management Study Report**

The Commission with support from World Bank undertook Public Wage Bill Management Study in 70 State Corporations and 32 County Governments between 28<sup>th</sup> May and 29<sup>th</sup> June 2018. The study was undertaken with an objective of establishing the level of the public wage bill and the associated policies and practices that mitigate and/or exacerbate public sector wage bill. The study was done in collaboration with The National Treasury, Council of Governors (COG), Office of the Auditor General (OAG), Commission on Revenue Allocation (CRA), Office of the Controller of Budget (OCOB), Public Service Commission (PSC) and Ministry of Public Service, Youth and Gender Affairs.

The study report was launched on Tuesday, June 18<sup>th</sup> 2019 in Nairobi and was shared with the 47 County governments, 20 constitutional commissions and independent bodies and 80 state corporations' stakeholders. Arising from the study, five key areas are identified for urgent attention as follows;

- (i) Harmonization of public sector human resource policies,
- (ii) Automation and integration of payroll management system and regular internal and external payroll audits,
- (iii) Institutionalization and standardization of performance management practices across the public service,
- (iv) Impact evaluation of training, and
- (v) Harmonization of retirement benefits schemes across the public service.

### **(c) Compliance, Monitoring and Evaluation**

The Commission conducts regular compliance checks to track implementation guidelines and advisories issued to public officers. The compliance checks provides institutions with opportunities to share experiences and seek clarification on implementation of the Gazette notices, circulars and advisories. During the period under review, the Commission undertook compliance checks in 67 State Corporations, 32 County Governments (32 executive and 32 Legislative arms) as it undertook the Public Wage Bill Management (PWBM) Study. 32 County specific compliance reports were produced and major highlights incorporated in the PWBS report shared with stakeholders. The study and compliance checks provides information on existing human resource policies and procedures, payroll management, performance management, pension management, and levels of compliance on implementation of SRC's circulars and advisories.

### **(d) House Allowance in the Public Service**

The study was carried out to assess the rental market prices in Kenya to provide information to be used revision of House Allowance in the Public Service.



The rental market prices will assist the Commission in determining the appropriate house allowance rates payable to public servants across towns in Kenya.

### (e) Advisories and Circulars

The Commission continued to advise and review remuneration and benefits for the public service, on need basis. All Advisories and circulars are continuously uploaded on the SRC website (www.src.go.ke). This is for the purpose of easing access to the circulars by the public. Further, the Commission has also continued to receive appeals from Job Evaluation exercise for the public sector from various institutions and has reviewed them.

## 3. Financial Performance Analysis

### a) Budget performance

The Commission had printed estimate of **Ksh.564.2M** constituting of **Ksh.257.5M** for personnel emoluments and **Ksh.306.7** for use of goods and services at the beginning of the financial year 2018/19. This allocation was reduced by **Ksh.14.3M** during the supplementary I cycle to **Ksh.549.9M**, and a further **66.7M** during supplementary II. This resulted to final approved budget of **Kshs. 483.2M**

The above information is summarized in table 1 below:

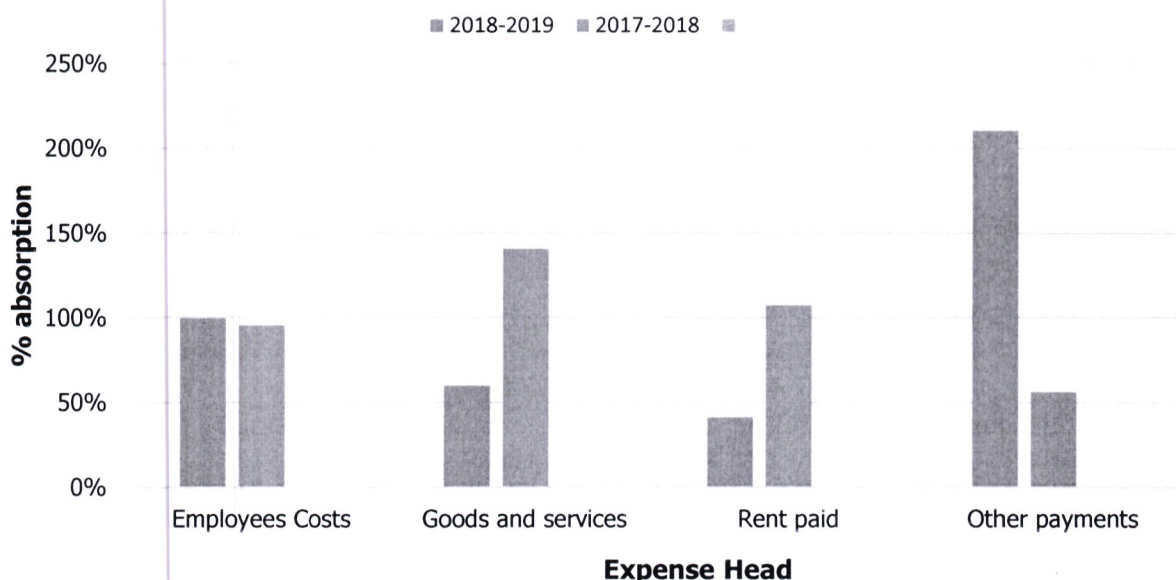
**Table 1: Approved Budget for the FY 2018/19**

Details	Printed Estimates	Supplementary I Estimates	Supplementary II Estimates	Printed Estimates
	Amount in Ksh.			
Personnel Emoluments	257,510,000	-	(40,000,000)	217,510,000
Use of Goods and Services	306,660,000	(14,273,363)	(26,700,000)	265,686,637
<b>Total</b>	<b>564,170,000</b>	<b>(14,273,363)</b>	<b>(66,700,000)</b>	<b>483,196,637</b>

The average budget absorption rate of the Commission for the financial year 2018-2019 was **122%** compared to **88.5%** in the financial year 2017-2018. The comparison of the budget against the actual expenditure for the financial year 2018-2019 and the financial year 2017-2018 is as tabulated below;

Description	2018-2019			2017-2018		
	Budget	Actual	% absorption	Budget	Actual	% absorption
Employees Costs	217,510,000	216,664,313	99.6%	271,760,034	259,563,934	96%
Goods and services	134,126,637	80,257,453	60%	166,595,467	234,982,469	141%
Rent paid	30,000,000	12,317,750	41%	30,000,000	32,261,150	108%
Other payments	101,560,000	213,989,332	211%	50,285,000	28,271,112	56%
<b>Total</b>	<b>483,196,637</b>	<b>523,228,848</b>	<b>108%</b>	<b>518,640,501</b>	<b>555,078,665</b>	<b>107%</b>

2018-2019 and 2017-2018 absorption rates comparison



## b) Revenues and Expenditure

### Revenue

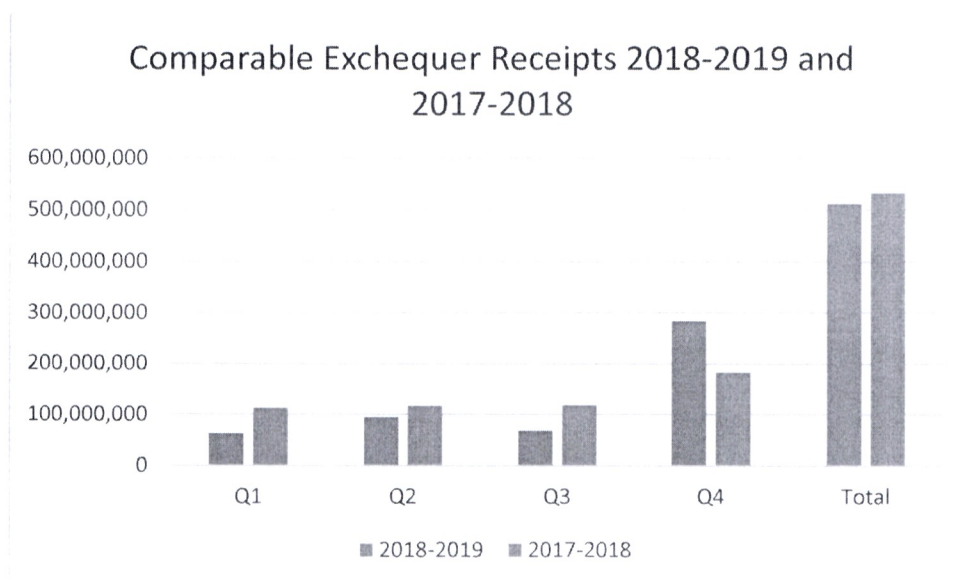
In the period under review, revenues inform of exchequer receipts amounted to **Ksh.512.5M** as compared to **Ksh. 533.3** of the previous financial year 2017-2018. This translated to reduction by **Ksh 20.8M** which is equivalent to **4%**.

**Table2: Comparable Statement of Receipts of Exchequer from the National Treasury for the FY 2018/19 and 2017-2018 (Amount in Kenya Shillings)**

Period	2018-2019	2017-2018
Q1	63,556,780	113,059,530
Q2	95,966,550	118,044,950
Q3	69,015,300	118,690,000
Q4	283,968,300	183,535,000
<b>Total</b>	<b>512,506,930</b>	<b>533,329,480</b>



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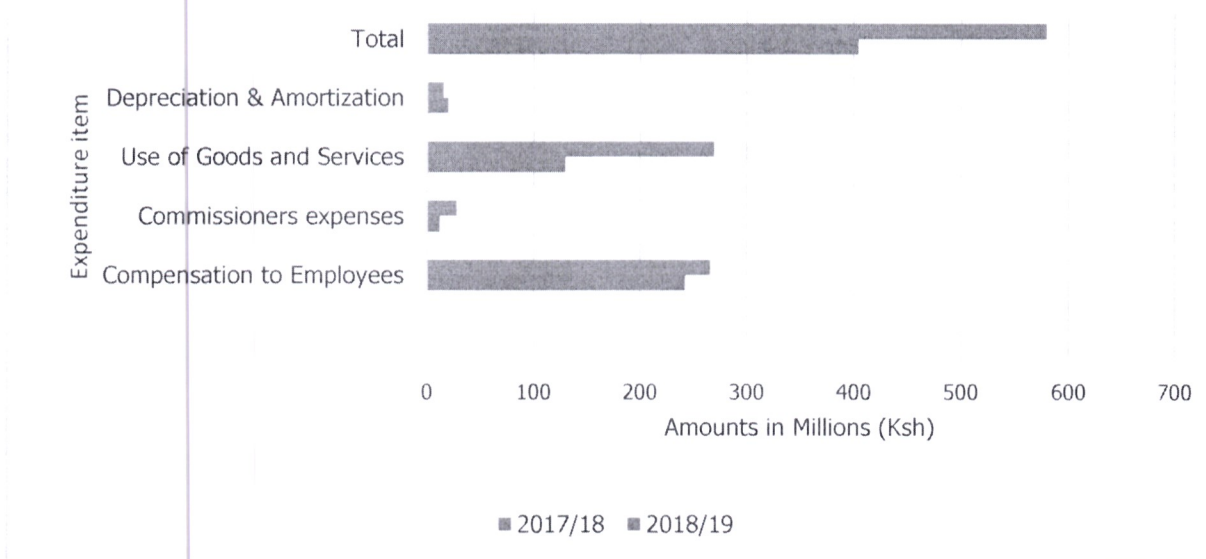
**c) Expenditure**

The Commission incurred **Kshs. 404.3M** in total expenditure and provisions for the year under review compared to **Ksh. 579.4M** in the previous year. Of the **Kshs. 404.34M**, **Kshs. 242.6M** was spent on compensation to employees, **Ksh 12.5M** on Commissioners expenses **Kshs. 129.3M** on use of goods and services and **Ksh. 19.9M** on depreciation of assets.

**Table 2: Comparative Expenditure Items for 2018/19 and 2017/19**

<b>Expenditure Item</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation to Employees	242,611,029	266,313,782
Commissioners expenses	12,451,922	28,070,612
Use of Goods and Services	129,323,786	269,722,874
Depreciation & Amortization	19,916,171	15,335,559
<b>Total</b>	<b>404,302,908</b>	<b>579,442,827</b>

### Comparison of expenses 2018-2019 and 2017-2018



The Commission reported a surplus of **Ksh. 144M** in the year under review compared to and a deficit of **Ksh 45.8M** in the previous year. This translated to **415%** increase in surplus.

#### 4. Compliance with the statutory requirements

The Commission is required to comply with various laws and constitutional provisions which include the Constitution of Kenya 2010, the SRC Act of 2011, Public Finance Management Act, Income Tax Act, NSSF Act and NHIF Act among others

Article 230 (5a-d) of the Constitution of Kenya requires that the Commission while carrying out its mandate , takes in to account the principles of fiscal sustainability, attraction and retention of skills required to execute functions , recognition of productivity and performance, transparency and fairness. The Commission has continued to observe the principles while discharging its mandate and functions. These principles were incorporated in the Commissions 1<sup>st</sup> strategic plan 2013-2018 inform of Strategic Themes and hence guided all the decisions of the Commission.

Further, provisions of article 254, (1) of the Constitution and the SRC Act article 21 requires that the Commission prepares a published and publicized annual report and financial statements which should be submitted to the President and the parliament. The Commission prepared, published and publicized the annual report relating to the financial year 2017-2018 and submitted to the parliament in the third quarter of the financial year 2018-2019.

The Commission has also adhered to the provisions of the Public Finance Act requirement stipulating that the Commission prepares its financial statements and submit to the Auditor General by the 30<sup>th</sup> of September each year for audit purposes.



The financial statements have always been submitted within the deadlines and the audit carried out and certificate issued by the office of the Auditor General.

Other provisions of the laws such as NHIF Act, NSSF Act and Income Tax Act have also been complied with by the Commission and the related monthly and annual deadlines for returns and payments observed as per the requirements of each Act.

## 5. Major risks facing the Commission.

The Commission in preparation of its strategic plan identified and analyzed various potential risks. The Commission further adopted various mitigation measures against the identified risks.

The major risks identified are as follows:

No.	Nature of risks	Description	Risk rating	Mitigation measures
1	Strategic risks	<ul style="list-style-type: none"> <li>• Opposition of some of the Commission's decisions and programmes by the major stakeholders.</li> <li>• Political and economic instability affecting the smooth operations of the Commission.</li> <li>• Weak monitoring and legal framework which interferes with the implementation of the strategic objectives of the Commission.</li> </ul>	Medium	<ul style="list-style-type: none"> <li>• The Commission to invest in public sensitization and stakeholders' involvement forum at every stage of the strategic programmes' implementation.</li> <li>• Adequate and regular collaborations and consultations with the stakeholders.</li> </ul>
2.	Operational Risks	<ul style="list-style-type: none"> <li>• Loss of skilled man power thus interfering with the Commission's operations.</li> <li>• Lack of support from the major stakeholders and unwillingness of the relevant partners to collaborate with the Commission in implementation of national pay projects.</li> <li>• Lack of proper and in-depth understanding of the Commission's mandate by both the internal and external customer.</li> </ul>	Low	<ul style="list-style-type: none"> <li>• Commission to hire high caliber staff, train and motivate them in terms of remuneration in order to increase retention of staff.</li> <li>• Adequate and regular collaborations and consultations with the stakeholders.</li> <li>• Sensitization of both internal and external customers on mandate of the Commission.</li> </ul>
3.	Financial risks	Inadequate funding, misappropriation of funds and lack of financial support by development partners.	High	<ul style="list-style-type: none"> <li>• The Commission to enhance accountability and transparency in financial management.</li> </ul>

				<ul style="list-style-type: none"> <li>Improved internal controls and a strong internal audit function.</li> <li>Enhanced corporate governance and regular reporting.</li> </ul>
4	Technological risks	<ul style="list-style-type: none"> <li>Rapid and volatile technological changes.</li> <li>Inability to manage information security and resistance to adopt new technological changes by some members of the staff.</li> </ul>	Low	<ul style="list-style-type: none"> <li>Regular training on technological changes.</li> <li>Proper sensitization of the staff and investment in computer and related equipment and software.</li> </ul>

### Material arrears in statutory and other financial obligation.

The Commission had printed estimate of **Ksh.564.2M** constituting of **Ksh.257.5M** for personnel emoluments and **Ksh.306.7** for use of goods and services at the beginning of the financial year 2018/19. This allocation was reduced by **Ksh.14.3M** during the supplementary I cycle to **Ksh.549.9M**, and a further **66.7M** during supplementary II. This resulted to final approved budget of **Ksh. 483.2M**.

Further, Supplementary II was effected in the last month of the last quarter, the Commission had expended the budget to the tune of **Ksh.523.2M** but had not paid some of the service providers resulting to pending bills totaling to **Ksh. 33.6M** by the close of the financial year, as detailed in the table below

Nature	Amount (Ksh)	Period
Statutory Payroll deductions	9,722,280	June 2019 salaries deduction
Local Creditors	23,828,597	May and June 2019 supplies
<b>Total</b>	<b>33,550,877</b>	

The total of the pending bills will form first charge in the financial year 2019-2020, however they have been accrued in the financial statements as expenses relating to the period 2018-2019 and form part of the expenses reported in the financial statements.



## **REPORT OF COMMISSIONERS'**

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Salaries and Remuneration Commission's affairs.

### **Principal activities**

The principal activities of the Commission are;

- i. Set and regularly review the remuneration and benefits of all State Officers; and
- ii. Advise the National and County Governments on the remuneration and benefits of all other Public Officers

### **Results**

The results of the entity for the year ended June 30, 2019 are set out on page 1 to 19

### **Commissioners**

The members of the Commission who served during the year are shown on page iv to x. During the year, 7 members and the Chairperson were appointed with effect from 11<sup>th</sup> September 2018 for a single, non-renewable term of 6 years each.

### **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 Commission remitted **Kshs. 1,401,183** for the FY 2018-19.

### **Auditors**

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

By Order of the Commission

**Mrs. Anne R. Gitau, MBS**

Commission Secretary

Nairobi

Date: 20<sup>th</sup> August, 2019

## REPORT OF THE COMMISSIONERS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 23 of the State of the Salaries and Remuneration Commission Act of 2011 require the Commission to prepare financial statements in respect of SRC which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the SRC's financial statements, which give a true and fair view of the state of affairs of the *Commission* for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (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 Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the SRC's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Salaries and Remuneration Commission Act of 2011. The Directors are of the opinion that the SRC's financial statements give a true and fair view of the state of Commissions transactions during the financial year ended June 30, 2019, and of the its financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

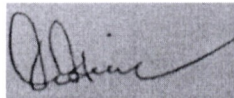
Nothing has come to the attention of the Commissioners to indicate that the SRC will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

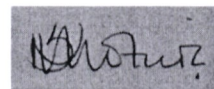
The SRC's financial statements were approved by the Commission on 20<sup>th</sup> August, 2019 and signed on its behalf by:



Mrs. Lyn Mengich  
**Chairperson**



Hon, Dalmas Otieno  
**Vice chair**



Sophie Moturi  
**Commissioner**



Salaries and Remuneration Commission Draft Annual Report and Financial Statements For the Year Ended June 30, 2019

# **AUDIT REPORT**

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Exchequer Transfers	3	512,506,930	533,329,480
Transfer from other Gov't entities	4	35,951,688	-
Other Income	5	66,843	306,144
<b>Total Revenue</b>		<b>548,525,461</b>	<b>533,635,624</b>
<b>EXPENSES</b>			
Employee Benefits	6	242,611,029	266,313,782
Commissioners Expenses	7	12,451,922	28,070,612
General Expenses	8	116,274,450	129,848,023
Depreciation & Amortisation	9	19,916,171	15,335,559
Repairs & Maintenance	10	3,706,511	5,899,174
Contracted Services	11	9,342,825	133,975,676
<b>Total Expenses</b>		<b>404,302,908</b>	<b>579,442,827</b>
<b>Surplus/(Deficit) for the period</b>		<b>144,222,553</b>	<b>(45,807,203)</b>

The Notes set out on pages 8 to 18 form an integral part of these Financial Statements

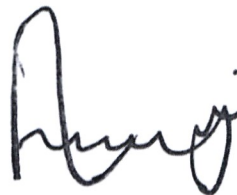


## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	2,594,571	5,042,724
Receivables From exchange transactions	13	26,544,932	27,097,364
		<b>29,139,503</b>	<b>32,140,088</b>
<b>Non-Current Assets</b>			
Staff Mortgage and Car loan fund	14	100,000,000	-
Property, Plant & Equipment	15	123,395,511	36,424,275
		<b>223,395,511</b>	<b>36,424,275</b>
<b>Total assets</b>		<b>252,535,014</b>	<b>68,564,362</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange Transactions	16	33,941,460	624,082
Current Provision	17	4,107,114	4,203,973
		<b>38,048,574</b>	<b>4,828,055</b>
<b>Non-Current Liabilities</b>			
Non-current Provisions	18	15,540,368	13,450,234
<b>TOTAL LIABILITIES</b>		<b>53,588,942</b>	<b>18,278,288</b>
<b>NET ASSETS</b>			
<b>Equity</b>			
Accumulated Surplus		198,946,072	50,286,074
<b>TOTAL NET ASSET AND LIABILITIES</b>		<b>252,535,014</b>	<b>68,564,362</b>



\_\_\_\_\_  
Mrs. Lyn Mengich  
**Chairperson**



\_\_\_\_\_  
Mrs. Anne Gitau, MBS  
**Commission Secretary/CEO**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Accumulated Fund</b>	<b>Total Fund</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>1 July 2017</b>	<b>91,861,901</b>	<b>91,861,901</b>
Prior periods adjustments	4,231,375	4,231,375
Transfer to Consolidated fund	-	-
Surplus/(Deficit) for the Year	(45,807,203)	(45,807,203)
<b>At 30 June 2018</b>	<b>50,286,073</b>	<b>50,286,073</b>
Prior Period Adjustment *	4,437,446	4,437,446
Surplus/(Deficit) for the period	144,222,553	144,222,553
<b>At 30 June 2019</b>	<b>198,946,072</b>	<b>198,946,072</b>
<b>At 30 June 2018</b>	<b>50,286,073</b>	<b>50,286,074</b>

\*Prior period adjustment relates to staff leave provision for the financial year 2017-18 of Ksh 4.2 Million reversed in the current financial year and 2016-2017 overstated VAT on supplies of Ksh 0.23million corrected in the year under review.



**STATEMENT OF CASHFLOWS FOR THE PERIOD TO JUNE 30, 2019**

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Exchequer receipts	3	512,506,930	533,329,480
Commission from Check offs	5	66,843	76,024
Insurance compensation		-	191,620
Miscellaneous income		-	38,500
<b>Total receipts</b>		<b>512,573,773</b>	<b>533,635,624</b>
<b>Payments</b>			
Employees Costs		206,942,034	259,563,934
Goods and services		81,772,811	234,982,469
Rent paid		12,317,750	32,261,150
Other payments		12,451,922	28,070,612
<b>Total payments</b>		<b>313,484,517</b>	<b>554,878,165</b>
<b>Net cash flows from operating activities</b>		<b>199,089,257</b>	<b>(21,242,541)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(101,537,410)	(630,226)
<b>Net cash flows used in investing activities</b>		<b>(101,537,410)</b>	<b>(630,226)</b>
<b>Cash flows from financing activities</b>			
Transfer to Mortgage and Car loan fund		(100,000,000)	-
<b>Net cash flows used in financing activities</b>		<b>(100,000,000)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,448,153)</b>	<b>(21,872,767)</b>
Cash and cash equivalents at 1st July 2019	12	<b>5,042,724</b>	<b>26,915,491</b>
<b>Cash and cash equivalents at 30<sup>th</sup> June 2019</b>	<b>12</b>	<b>2,594,571</b>	<b>5,042,724</b>

**I. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT JUNE 30, 2019**

	Original budget 2018-2019	Adjustments 2018-2019	Final budget 2018-2019	Actual on comparable basis 2018-2019	Performance difference 2018-2019	Variance	% var.
Revenue	Kshs.		Kshs.	Kshs.	Kshs.	Kshs.	
Exchequer receipts	564,170,000	(80,973,363)	483,196,637	512,506,930	(29,310,293)	-6%	a
Miscellaneous receipts	-	-	-	35,951,688	(35,951,688)	-100%	b
<b>Total income</b>	<b>564,170,000</b>	<b>(80,973,363)</b>	<b>483,196,637</b>	<b>548,458,618</b>	<b>(65,261,981)</b>	<b>-14%</b>	
<b>Expenses</b>							
Employees Costs	257,510,000	(40,000,000)	217,510,000	216,664,313	845,687	0%	
Goods and services	133,474,000	652,637	134,126,637	80,257,453	53,869,184	40%	c
Rent paid	32,000,000	(2,000,000)	30,000,000	12,317,750	17,682,250	59%	d
Other payments	141,186,000	(39,626,000)	101,560,000	213,989,332	(112,429,332)	-111%	e
<b>Total expenditure</b>	<b>564,170,000</b>	<b>(80,973,363)</b>	<b>483,196,637</b>	<b>523,228,848</b>	<b>(40,032,211)</b>	<b>-8%</b>	
<b>Surplus(deficit) for the period</b>				25,229,770			

**1. Explanation to the Material Variances:**

- (a) **Exchequer Receipts (-) 6%** - the variance resulted from the budgetary reduction during supplementary II in the 4<sup>th</sup> quarter after the exchequer had been released by the National Treasury.
- (b) **Miscellaneous receipts 100%** -The variance of 100% is as a result of receipts arising from Expenses paid on behalf of the Commission by the National Treasury and Computer equipment transferred from Ministry of ICT to the Commission which were not budgeted for in the financial Year.
- (c) **Goods and services 40%** - Resulted from cost saving in routine maintenance for motor vehicles, and partly building and computer equipment that was not spent as a result of delays in procurement process.
- (d) **Rent 59%** - resulted from rent for the last two quarters of the year that was not paid as a result of the delays in signing of the lease renewal agreement



(e) **Other payments (-)111%** is as a result of budget of motor vehicles and other capital assets that was given by the National Treasury in supplementary I and later reduced through supplementary II even though the assets had been purchased and payment processed.

2. Changes between the original and the final budget of Kshs 80.9 was as a result of budget reduction by the National Assembly of Ksh. **14.3M** and **Ksh.66.7M** during supplementary I and II respectively.

3. The total actual on comparable amounts in this statement and the financial statement amounts for all the expenditure items do not tie due to differences in accounting basis. The budget is prepared and implemented on cash basis while the financial statements are prepared on accrual basis. The differences are majorly caused by the accrued expenses, Provisions and prepayments. The differences are reconcile below:

**i) Employee Costs**

<b>Balance as per FS</b>	<b>Notes</b>		<b>242,611,029</b>
<b>Less:</b>			
Accrued Gratuity		2,090,136	
Prepaid medical insurance expenses		19,749,467	
Provision for staff leave days		4,107,113	25,946,716
<b>Balance as per Budget</b>			<b>216,664,313</b>

**ii) Goods and Services**

<b>Balance as per FS</b>			
General Expenses	8	116,274,450	
Repairs & Maintenance	10	3,706,511	
Contracted Services	11	9,342,825	
		<b>129,323,786</b>	
Less Rent Expense		29,691,604	
Adjusted Balance as per FS			<b>99,632,182.22</b>
<b>Less</b>			
Prepaid insurance expensed		2,311,398	
Unpaid expenses		11,381,843	
Expense paid by the NT		5,007,515	
prepaid fuel expense		743,396	
<b>Balance as per budget</b>			<b>80,188,030</b>

**iii) Rent Paid**

<b>balance as per FS</b>			<b>29,691,604</b>
Less Prepaid rent Expensed		4,927,100	
Less rent accrued for Q3&Q4		12,446,754	17,373,854
<b>Balance as per budget</b>			<b>12,317,750</b>

**iv) Other Payments**

<b>Balance as per FS</b>			<b>12,451,922</b>
<b>Add</b>			
Mortgage and Car loan Fund	11	100,000,000	
Addition of fixed assets		106,887,410	
Assets transferred from Min. of ICT		(5,350,000)	201,537,410
<b>Balance per Budget</b>			<b>213,989,332</b>



## **II. NOTES TO THE FINANCIAL STATEMENTS**

### **1. Statement of compliance and basis of preparation-IPSAS 1**

The Commission's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS). The financial statements are presented in Kenya Shillings (Kshs.) which is the functional and reporting currency of the Commission and all values are rounded to the nearest cent. The accounting policies have been consistently applied.

The financial statements have been prepared on accrual basis and stated at the historical cost, except where otherwise stated in the statement of accounting policies below. The Cash Flow statement is prepared using the direct method.

### **2. Summary of significant accounting policies**

#### **a) Revenue Recognition**

##### **(i) Revenue from non-exchange transactions-IPSAS 23**

- **Exchequer allocations**

The Commission recognizes Revenue from exchequer allocation when the monies are received and asset recognition criteria are met. 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. Other 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 Commission and fair value of the asset can be measured reliably.

- **Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Commission and can be measured reliably.

##### **(ii) Revenue from exchange transactions-IPSAS 9**

- **Sale of tender and Commission Revenue**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Commission. There was no tender sales revenue for the period under review.

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

The annual budget is prepared on the cash basis, that is, all planned costs and income are presented as per the economic line classification to determine the needs of the Commission. As a result of the adoption of the cash basis for budgeting purposes, there are timing differences to include in the reconciliation between the actual comparable amounts and the amounts presented



as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**c) Intangible Assets - IPSAS 31**

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.

**d) Provisions - IPSAS 19**

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

**e) Contingent liabilities**

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission; or a present obligation that arises from past events but is not recognized because:

- i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- ii. The amount of the obligation cannot be measured with sufficient reliability.

The Commission 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.

The Commission 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 Commission 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.

**f) Changes in accounting policies and estimates- IPSAS 3**

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



**g) Employee Benefits - IPSAS 25**

**Retirement Benefits Plans**

The Commission operates a retirement benefit scheme for all its permanent and pensionable employees. Further an amount equivalent to 31% of basic salary has been set aside as gratuity for all employees on contract. The Commission's contribution towards employee pension scheme and staff gratuity for employees on contract are charged to the statement of financial performance in the year to which the employees rendered their services to the Commission.

**h) Related Parties - IPSAS 20**

The Commission regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Commission, or vice versa. Members of key management are regarded as related parties and comprise the Directors including the Commission Secretary.

The following transactions were carried out with related parties:

	<b>June 2019</b>	<b>June 2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Key Management Compensations</b>		
i) Salaries and Other short term employment Benefits	21,889,200	26,363,260
<b>Board Remuneration</b>		
ii) Allowances paid to Commissioners	12,451,922	28,070,612
<b>Grants From Related Parties</b>		
iii) Grants from GOK	548,458,618	533,329,480

**k) Leases**

Leases under which the lessor effectively retains the risks and rewards of ownership are classified as operating leases. Obligations incurred under operating leases are charged against income in equal instalments over the period of the lease

**l) 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 Central bank of Kenya at the end of the financial year.

**m) Significant Judgements and sources of estimation uncertainty – IPSAS 1**

In preparing the financial statements in conformity with IPSAS, management makes estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and the related disclosures, presented in the financial statements at the end of the reporting period. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: leave provision, useful lives

and depreciation methods and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements.

**a) 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 Commission based its assumptions and estimates on parameters available when the 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 Commission. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**ii) Useful lives and residual values of Non-current Assets**

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

- i. The condition of the asset based on the assessment of experts employed by the Commission
- ii. The nature of the asset, its susceptibility and adaptability to changes of technology and processes
- iii. The nature of the processes in which the asset is deployed
- iv. Availability of funding to replace the asset
- v. Changes in the market in relation to the asset

The various classes of assets, their useful lives and depreciation rate is indicated below:

<b>Asset class</b>	<b>Useful life (Years)</b>	<b>Depreciation rate</b>
Motor Vehicle	4	25.0%
Office Equipment	3	33.3%
Computer Equipment	3	33.3%
Furniture & fittings	8	12.5%
Intangible Asset	3	33.3%

**iii) Provisions**

Provisions were raised and management determined an estimate based on the information available. 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.

<b>Description</b>	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Leave Provision	4,107,114	4,203,973
Gratuity Provision	10,440,527	8,350,391
Legal fees provision	5,099,841	5,099,841
<b>Total</b>	<b>19,647,481</b>	<b>17,654,205</b>



Provisions are recognized when;

- i) A reliable estimate can be made of the obligation
- ii) Its probable that an outflow of resources embodying economic benefits of service
- iii) Potential that the Commission will be require to settle the obligation; and
- iv)The Commission has a present obligations a result of past event

The provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate or reversed if it's no longer probable that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation. Employees' entitlement to annual leave is recognized when it accrues. A provision is made on the estimated liability for annual leave as a result of services rendered by the employees up to the amount of obligation

### 3. Exchequer receipts

Description	2018-2019	2017-2018
	Kshs	Kshs
Quarter 1	63,556,780	113,059,530
Quarter 2	95,966,550	118,044,950
Quarter 3	69,015,300	118,690,000
Quarter 4	283,968,300	183,535,000
<b>Total Exchequer</b>	<b>512,506,930</b>	<b>533,329,480</b>

### 4. Transfer from other Government Entities

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfer from National Treasury	30,601,688	-
Transfer from Min. of IC	5,350,000	-
<b>Total Transfers</b>	<b>35,951,688</b>	<b>-</b>

Transfer from the National Treasury represents the recurrent expenses for the financial year 2018/19 that were paid by the National Treasury on behalf of the Commission as a result of the budgetary reduction during supplementary II, while transfer from the ministry of ICT is as a result of computer equipment that were procured by the Ministry of ICT on behalf of the Commission.

### 5. Other Income

Description	2018-2019	2017-2018
	Kshs	Kshs
Tender sale	-	38,500
Commission on check off	66,843	76,024
Gain/(loss) on disposal	-	191,620
<b>Total Other Incomes</b>	<b>66,843</b>	<b>306,144</b>

## 6. Employee benefits

Description	2018-2019	2017-2018
	Kshs	Kshs
Salaries and Allowances	189,433,144	208,689,408
Contribution to Pensions	25,179,547	26,609,780
Gratuity	2,090,136	2,545,875
Staff Medical Insurance	21,801,089	24,264,746
Staff leave Days Provision	4,107,113	4,203,973
<b>Total employee benefits</b>	<b>242,611,029</b>	<b>266,313,782</b>

## 7. Commission expenses

Description	2018-2019	2017-2018
	Kshs	Kshs
Sitting allowance	6,642,000	26,045,000
Telephone	1,618,843	722,090
Travel Expenses	4,191,079	1,303,522
<b>Total Commission expenses</b>	<b>12,451,922</b>	<b>28,070,612</b>

## 8. General expenses

Description	2018-2019	2017-2018
	Kshs	Kshs
Domestic Travel & Subsistence	17,630,250	14,332,356
Communication, Supplies and Services	7,646,073	6,649,937
Printing and advertising	3,836,843	5,398,866
Rent and Rates	29,691,604	32,261,150
Training expenses	26,522,120	15,754,378
Catering Services	6,173,427	6,193,052
Postage & Delivery	1,014,387	2,401,200
Insurance	2,938,928	1,826,301
Boards, Committees, conferences & seminars	13,740,090	38,372,795
Staff uniforms	313,792.00	9,600
Supplies & Computer accessories & printers	1,117,124	1,942,010
Fuel oil and lubricants	3,347,196	1,215,394
Specialised Materials and Supplies	144,812	12,192
Office and General Supplies and services	1,322,448	2,797,881
Membership Fees, Dues and subscriptions	835,357	680,661
Parking charges	-	250
<b>Total general expenses</b>	<b>116,274,450</b>	<b>129,848,023</b>



## 9. Depreciation

Description	2018-2019	2017-2018
	Kshs	Kshs
Property, plant and Equipment	19,916,171	14,048,933
Intangible Assets	-	1,286,626
<b>Total depreciation &amp; amortization</b>	<b>19,916,171</b>	<b>15,335,559</b>

## 10. Repairs and Maintenance

Description	2018-2019	2017-2018
	Kshs	Kshs
Motor Vehicles	1,854,509	2,255,999
Property, plant and Equipment	1,852,002	3,643,175
<b>Total repairs and maintenance</b>	<b>3,706,511</b>	<b>5,899,174</b>

## 11. Contracted Services

Description	2018-2019	2017-2018
	Kshs	Kshs
Contracted Professional services	4,640,000	130,358,316
Contracted Guards & Cleaning	2,835,160	3,247,140
Legal Dues/fees, Arbitration	1,867,665	370,220
<b>Total contracted services</b>	<b>9,342,825</b>	<b>133,975,676</b>

## 12. Cash and Cash Equivalents

Description	2018-2019	2017-2018
	Kshs	Kshs
CBK Main operating account	1,184	2,513,665
Cash-on hand and in Transit	102,804	38,476
CBK Deposit Account	390,583	390,583
CBK Cash 165 Account	2,100,000	2,100,000
<b>Total cash &amp; cash equivalents</b>	<b>2,594,571</b>	<b>5,042,724</b>

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash at bank and on hand.

## 13. Receivables

Description	2018-2019	2017-2018
	Kshs	Kshs
Staff Travel & Other Imprests	109,200	-
Prepayments	26,337,568	26,904,697
Salary Advance	98,164	192,667
<b>Total Receivables</b>	<b>26,544,932</b>	<b>27,097,364</b>

#### 14. Mortgage and Car Loan Fund

Description	2018-2019	2017-2018
	Kshs	Kshs
Mortgage and Car loan Fund	100,000,000	-

Mortgage and car loan fund is the fund for the mortgage and car loans to staff scheme. The scheme is managed on behalf of the Commission by the Cooperative bank. The amount of Ksh 100,000,000 was incorporated in the Commission budget for the financial year 2018/2019 and was appropriated in the printed estimates of the same year. The scheme was implemented in the last quarter of the financial year 2018/19. Separate financial statements for the scheme are prepared and attached as an annex to the financial report

#### 15. Property, Plant and Equipment

	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Total
	25.0%	33.3%	33.3%	12.5%	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Cost</b>					
<b>At 1<sup>st</sup> July 2017</b>	<b>22,419,385</b>	<b>47,025,826</b>	<b>13,813,456</b>	<b>76,908,425</b>	<b>160,167,092</b>
Additions	-	8,500	-	192,000	200,500
Disposals	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	<b>22,419,385</b>	<b>47,034,326</b>	<b>13,813,456</b>	<b>77,100,425</b>	<b>160,367,592</b>
Additions	99,170,175	2,551,190	3,525,000	1,641,045	106,887,410
Disposals	-	-	-	-	-
<b>At 30<sup>th</sup> June 2019</b>	<b>121,589,560</b>	<b>49,585,516</b>	<b>17,338,456</b>	<b>78,741,470</b>	<b>267,255,002</b>
<b>Depreciation</b>					
<b>At 1<sup>st</sup> July 2017</b>	<b>22,419,385</b>	<b>43,234,307</b>	<b>12,131,845</b>	<b>32,108,849</b>	<b>109,894,386</b>
Charge for the period	-	2,811,283	1,614,055	9,623,595	14,048,933
Disposals	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	<b>22,419,385</b>	<b>46,045,590</b>	<b>13,745,900</b>	<b>41,732,444</b>	<b>123,943,319</b>
Charge for the period	8,264,181	1,044,302	850,811	9,756,877	19,916,171
Disposals	-	-	-	-	-
<b>At 30<sup>th</sup> June 2019</b>	<b>30,683,566</b>	<b>47,089,892</b>	<b>14,596,712</b>	<b>51,489,320</b>	<b>143,859,491</b>
<b>Netbook Value</b>					
<b>30-Jun-19</b>	<b>90,905,994</b>	<b>2,495,624</b>	<b>2,741,744</b>	<b>27,252,150</b>	<b>123,395,511</b>
<b>30-Jun-18</b>	<b>-</b>	<b>988,736</b>	<b>67,556</b>	<b>35,367,981</b>	<b>36,424,275</b>



### 16. Trade and Other Payables from Exchange Transactions

Description	2018-2019	2017-2018
	Kshs	Kshs
Trade payables	23,828,597	-
Other Payroll Liabilities	9,722,280	-
Contractors retention	390,584	390,583
Withholding Tax payable	-	233,499
<b>Total Accounts payable</b>	<b>33,941,460</b>	<b>624,082</b>

Trade payables represent outstanding payments to suppliers for goods and services consumed. Payroll deductions include amounts outstanding for income tax, statutory deductions and co-operative societies.

### 17. Current Provisions

	Leave provision
	Ksh
<b>Balance at the beginning of the year</b>	<b>4,203,973</b>
2018-2019 provision	4,107,114
2017-2018 reversal	(4,203,973)
<b>Total provision as at 30.6.2019</b>	<b>4,107,114</b>

### 18. Non-Current Provisions

Description	Staff Gratuity	Pending Legal Suit accrued	Total
	Kshs	Kshs	
<b>Balance at the beginning of the year</b>	<b>8,350,391</b>	<b>5,099,841</b>	<b>13,450,232</b>
Additional provisions	2,090,136	-	2,090,136
Provisions utilized	-	-	-
<b>Total noncurrent prov. at 30.06.2019</b>	<b>10,440,527</b>	<b>5,099,841</b>	<b>15,540,368</b>

In the financial year 2017/18, the legal suit provision amount of Ksh **5,099,841** and part of staff gratuity amounting to Ksh. **1,904,214** were classified as current assets. In the year under review the same have been reclassified as non-current asset due to their nature of maturing over the period longer than one year.

The legal suit provision relates to the amount the court awarded to the former Commission Secretary in the FY 2016/17 for wrongful dismissal. The CEO has since appealed against the ruling. The gratuity amount relates to gratuity for the Commission's staff on contractual terms.

The presentation of the Provisions as current and non-current separately as note 17 and 18 respectively has also changed from the previous period. This is to conform to the standard reporting template of FY2018-2019 issued by the Public Sector Accounting Standard Board.

Trade payables represent outstanding payments to suppliers for goods and services consumed. Payroll deductions include amounts outstanding for income tax, statutory deductions and co-operative societies.

## 19. Financial Risk Management

The Commission's activities exposes it to a variety of credit and liquidity risks. The overall risk management programme focuses on the unpredictability of the market and seeks to minimize potential adverse effects on its operations.

The Commission regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the direct supervision of the Commission.

The Commission provides policies for overall risk management as well as policies covering specific areas such as interest rate risk, credit risk and liquidity risk.

### a) Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Commission.

Credit Risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

- i. Cash and short-term deposits are placed with well-established financial institutions of high quality and credit standing and also approved by the National Treasury;
- ii. Funds are invested in short-term facilities; and

The Commission does not raise trade receivables in its ordinary course of business.

Credit risk with respect to accounts receivable is limited due to the nature of the Commission's business and its reliance on government grant as the main source of funding. Market risk is the risk that the value of an investment will decrease due to changes in market factors. The above stated mitigating factors apply to market risk as well.

The amount that best describes the Commission's exposure to credit at the end of the financial year is made up as follows;

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Cash at Bank	2,594,571	5,042,724
Prepayments	26,337,568	26,904,697
Staff Travel Imprests	109,200	-
Salary Advances	98,164	192,667
<b>Total Credit risk</b>	<b>29,139,503</b>	<b>32,140,088</b>



**b) Liquidity Risk Management**

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations when they fall due. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging the Commission's reputation.

The Commission ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Commission.

The amounts that best describes the Commission's exposure to liquidity risk at the end of the quarter is made up as follows;

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Contractors retention	390,583	390,583
Withholding tax payable	-	233,499
Provisions	19,647,481	17,654,205
Trade payables	23,828,597	-
Payroll Liabilities	9,722,280	-
<b>Total liquidity risk</b>	<b>53,588,942</b>	<b>18,278,287</b>

**20. Comparatives**

Prior period comparative information has been presented in the current financial year. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**21. Subsequent Events**

There have been no events subsequent to the financial year end with significant impact on the financial statements for the period ended June 2019.

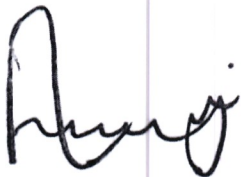
### III. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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
	There was no issue/observation raised by the auditors in the final certificate for the period ended 30June 2018

#### Guidance Notes:

- i) Use the same reference Numbers as contained in the external Audit Report;
- ii) Obtain the "The Issue/Observation" and "management comments" ,required above, from final external audit report that is signed by management;
- iii) Before approving the report, discuss the time frame with the appointed Focal Point persons within your Commission responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Mrs. Anne Gitau, MBS  
**Commission Secretary/CEO**



Mrs. Lyn Mengich  
**Chairperson**



# Local MPs put hurdles in plan to build dams up north

BY DAVID MWERE

The government's plan to build dams in northern Kenya and other semi-arid lands is running into headwinds after a group of MPs threatened to marshal their communities to stop the projects. The MPs claim they were left out of the process, including the siting of the dams, despite having presented their views to the Defence and Foreign Relations Committee of the National Assembly.

According to committee chairman Katoo ole Metito (Kajiado South), the

dams called "peace dams" are meant to check communal and cross-border conflict brought about by drought. About Sh1 billion for construction of the four dams in the counties of Mandera, Wajir, Garissa, Marsabit and Tana River was approved in the Supplementary Budget II passed by the National Assembly two weeks ago. More billions have also been allocated in the 2020/21 financial year, whose estimates are currently before the National Assembly.

The Nation has established that advertisement for the award of con-

struction works is set to be done early this week.

The construction will be overseen by two regional development authorities—Ewaso Ngiro Development Authority and the Coast Development Authority. MPs Dida Raso (Saku, Marsabit),

Ahmed Ibrahim (Wajir North) and Abdikarim Osman (Fafi, Garissa) have questioned how the locations for the dams were identified.

"As the area MP, I consider this to be a blatant interference in the management of the affairs of my constituency. I was not involved where the dam should be built until recently when an engineer from the Coast Development Authority came visiting," Mr Osman said.

About Sh100 million has been allocated to Irresa Teno dam in Wajir, Marsabit's North Horr constituency

has two projects — Sh100 million for Malalaba dam and Sh250 million for Chaffa-Chachane dam.

Boji dam in Mandera South has been allocated Sh250 million, Tulla dam in Tana River (Sh100 million) and Galmagala dam in Fafi constituency (Sh200 million).

Mr Metito said that all the legislators in the affected areas were engaged and requested to present their proposals.

Last December, President Kenyatta visited Garissa County and announced that a dam would be built in the devolved unit.

**Sh1 billion**  
Money allocated for building four dams in Mandera, Wajir, Garissa and Marsabit counties

## Legislation > Counties to pay staff

# Bill seeks hiring of community health workers

It will provide for recognition of health at grassroots

BY SAMWEL OWINO  
samuel\_owino@dailynation.com

Counties will be compelled to recruit community health workers, pay them allowances and provide necessary protective gear if senators pass a bill currently before the House.

The Community Health Services Bill sponsored by nominated senator Agnes Zani, enacted into law, will provide a legal regime for recognition of community health services and their regulation.

The proposed law has already been introduced in the House and gone through public participation conducted by the Committee on Health, which is chaired by Trans Nzoia Senator Michael Mbiti.

"Community health services are instrumental in achieving preventive healthcare and ensuring access to health services in compliance with Article 43 of the Constitution," Dr Zani says in a memorandum of objects for the Bill.

The senator also wants CEC in charge of Health in all the 47 counties to report periodically to the county assembly on the status of community health providers in their respective counties.

Community health workers are not recognised by law and mainly provide volunteer services in promoting healthcare wherever they are taken in.

The Bill provides a legal basis for the effective delivery of integrated, comprehensive and quality community health services at the county level.

It also provides a framework for coordinated implementation of policies and standards formulated by the national and county governments.

She argues that provision of community health services,

especially as the country battles Covid-19, cannot be gainsaid: "It is imperative that awareness-raising through tailor-made rural public sensitisation campaigns, reinforced and revamped training of Community Health Workers and equipping the health facilities for handling of cases, is urgently undertaken."

The Bill comes after the national and the county governments signed a deal to progressively scale up provisions of universal healthcare.

The Intergovernmental Partnership Agreements signed between the two levels of government to realise the deal further proposes the recruitment of Community Health Extension Workers by counties and placing Community Health Volunteers on an agreed stipend of Sh2,000.

In the Bill, Dr Zani is proposing that community health workers should be nominated by the community in a public baraza and then competitively recruited by the county public service board.

The Bill creates an office of the Director of Community Health Services in the county public service. The holder of the office will advise Health CEC on the integration of community health in the respective county integrated development plans and the annual development plan among others.

### The role

#### WHAT OFFICIALS WILL UNDERTAKE

Community health officers will then be expected to monitor and evaluate the implementation of decisions arising from community dialogue days and health action days, coordinate the implementation of community health activities by the community health workforce and provide technical support and training to community health workers and the committee.



REPUBLIC OF KENYA

## PUBLIC NOTICE

IN THE MATTER OF  
THE STATUTORY INSTRUMENTS ACT (No. 23 OF 2013);  
THE LAND REGISTRATION ACT (No. 3 OF 2012);  
THE LAND ACT (No. of 2012);  
THE PHYSICAL AND LAND USE PLANNING ACT, 2019;  
THE SURVEY ACT (CAP 299); AND  
THE STAMP DUTY ACT (CAP 480)

### NOTIFICATION OF REGULATORY IMPACT STATEMENT ON THE PROPOSED LAND TRANSACTIONS (ELECTRONIC) REGULATIONS, 2020

PURSUANT to section 8 of the Statutory Instruments Act (No. 23 of 2013), the Cabinet Secretary, Ministry of Lands and Physical Planning, in consultation with the Cabinet Secretary, the National Treasury and the National Land Commission hereby notifies the general public that a Regulatory Impact Statement on the proposed Land Transactions (Electronic) Regulations, 2020 has been prepared to assess the impact of the Regulations on the community and businesses.

The proposed Statutory Instruments include the following:

1. Land Registration (Electronic Transactions) Regulations, 2020;
2. Survey (Electronic Cadastre Transactions) Regulations, 2020;
3. Stamp Duty (Valuation) Regulations, 2020;
4. Stamp Duty (Amendment) Regulations, 2020;
5. Land (Amendment) Regulations, 2020;
6. Land (Extension and Renewal of Leases) (Amendment) Rules, 2020;
7. The Land (Allocation of Public Land) (Amendments, Regulations), 2020; and
8. Physical and Land Use Planning (Electronic Development Control and Enforcement System) Regulations, 2020.

The main objective of the proposed Regulations is to give effect to the provisions of the Land Act, 2012, the Land Registration Act, 2012, with regard to the development and implementation of a National Land Information System and the maintenance of a land register and land documents in a secure, accessible and reliable format. Specifically the Regulations seek to:

- (a) establish a digital National Land Information System (NLIS) to provide an efficient and effective land administration system;
- (b) leverage on ICT to improve the way in which information is structured, stored, managed, delivered and used;
- (c) improve ease of doing business by cutting time for property registration;
- (d) provide the legislative framework and platform for facilitating cost effective and reliable paperless transactions in land and accessing land information in a timely manner;
- (e) establish an electronic payment system to improve revenue collection by eliminating revenue leakages;
- (f) reduce paper work and records that takes up lot of space and difficult to access, retrieve and store; delays; and
- (g) promote public confidence in the integrity and reliability of electronic records and electronic transactions.

This is therefore to require all persons likely to be affected by the proposed Regulations to submit written comments on the proposed Land Transactions (Electronic) Regulations, 2020 so as to reach the undersigned not later than fourteen (14) days from the date of publication of this notice.

The draft Regulatory Impact Report and the proposed sets of the Land Transactions (Electronic) Regulations, 2020 are available under the Ministry's website: <https://lands.go.ke>. The proposed Regulations and the Regulatory Impact Statement are also available on request through the Ministry's email address at [elandtransactions@gmail.com](mailto:elandtransactions@gmail.com) during normal working hours.

It is open for anyone with comments on the proposed Regulations to make their comments by way of email or submission of a written memorandum to the email address at [elandtransactions@gmail.com](mailto:elandtransactions@gmail.com)

Due to the prevailing global health concerns, the Ministry is encouraging members of the public to submit their comments and proposals for input in the Regulations and the RIA through written submissions and memorandum. The inputs should be sent through email address [elandtransactions@gmail.com](mailto:elandtransactions@gmail.com)

The Ministry also welcomes any stakeholder who would prefer virtual interaction on the subject matter to notify the Ministry through the email address given below in order for the Ministry to prepare for such meetings. The virtual meetings will be scheduled as public forum and will take place between Thursday 14 May to Friday 22 May 2020 starting from 10.00 a.m. to 4.00 p.m. to discuss the proposed Regulations and the Regulatory Impact Statement and comments received. The Ministry will hold virtual meeting with such stakeholders to discuss their comments from the Ministry of Lands and Physical Planning, Headquarters.

Please send your written comments to:

The Principal Secretary  
Ministry of Lands and Physical Planning  
Archi House, 1<sup>st</sup> Ngong Avenue  
P. O. Box 30450-00100  
NAIROBI

OR

Email to: [elandtransactions@gmail.com](mailto:elandtransactions@gmail.com)





REPUBLIC OF KENYA

MINISTRY OF LANDS AND PHYSICAL PLANNING  
Office of the Cabinet Secretary

Tel: +254(0)20 2718050  
Fax: +254(0)20 2724470  
Email: [cslands@ardhi.go.ke](mailto:cslands@ardhi.go.ke)  
Web: [www.ardhi.go.ke](http://www.ardhi.go.ke)  
When replying please quote:

Ardhi House  
1<sup>st</sup> Ngong Avenue  
P.O. BOX 30450-00100  
Nairobi, KENYA

Ref. No. MOLPP/ADM/CSO/1/369

May 2, 2020

Mr. Joash Dache, MBS  
Chief Executive Officer  
Kenya Law Reform Commission  
P.O. Box 34999-00100  
**NAIROBI**

Dear Mr. Dache,

**RE: REVIEW OF REGULATORY IMPACT STATEMENT ON PROPOSED  
REGULATIONS TO ENABLE ELECTRONIC LAND TRANSACTIONS,  
REGISTRATION AND CONVEYANCING**

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Reference is made to the subject matter.

The Ministry through a multi stakeholder joint taskforce appointed vide Gazette Notice No. 2170 and published on March 13, 2020 has developed draft regulations to support electronic land transactions, registration and conveyancing.

The main purpose of the proposed regulations is to promote efficiency in service delivery and the land administration system generally. A regulatory impact statement for the proposed regulations has been prepared by the Ministry pursuant to Sections 6 and 7 of the Statutory Instruments Act (No. 23 of 2013). Section 7 (3) of the Act requires the Ministry to procure independent advice as to the adequacy of the regulatory impact statement and the assessment made therein.

This is therefore to request you to review the report prepared by the Ministry as required by the Act. We intend to have the regulations as soon as possible and would be grateful if we could receive your comments within the shortest time possible.



We hereby forward a copy of the regulatory impact statement for your review.

Thank you for your continued support and cooperation.

Yours *Sincerely*

A handwritten signature in black ink, appearing to read 'Farida Kafoney', written in a cursive style. The signature is positioned above the printed name and title.

Farida Kafoney, EGH  
**CABINET SECRETARY**

Encl.

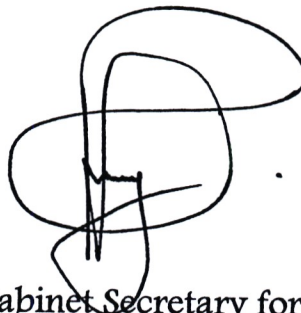
**STATUTORY INSTRUMENTS ACT**  
**(NO. 23 of 2013)**

**CERTIFICATE OF COMPLIANCE**  
*(Pursuant to Section 7(4) of the Statutory Instruments Act)*

Whereas the Cabinet Secretary for Lands and Physical Planning has caused the preparation of a Regulatory Impact Statement of the proposed regulations to support electronic land transactions pursuant to Section 6 of the Statutory Instruments Act, IT IS HEREBY CERTIFIED that the aforesaid Regulatory Impact Statement:

- a) Meets the requirements relating to regulatory impact statement in the Statutory Instruments Act No. 23 of 2013 and the guidelines have been complied with; and
- b) In my opinion, the regulatory impact statement adequately assesses the likely impact of the proposed regulations to support electronic land transactions.

Dated in Nairobi this 18<sup>th</sup> Day of June 2020



**FARIDA KARONEY, EGH**  
Cabinet Secretary for Lands and Physical Planning



# KENYA LAW REFORM COMMISSION



*"Vibrant Agency for Responsive Law Reform"*

grams: "LAWREFORM" NAIROBI  
phone: Nairobi, +254-20-2241186/2241201  
: +254-20-2225786  
w.info@klrc.go.ke

When replying please quote

No. KLRC/RES/29 VOL IV (20)  
and Date



KENYA LAW REFORM COMMISSION  
REINSURANCE PLAZA  
3RD FLOOR  
TAIFA ROAD  
P.O. Box 34999-00100  
NAIROBI, KENYA

15<sup>th</sup> June 2020

Farida Karoney, EGH  
The Cabinet Secretary  
Ministry of Lands and Physical Planning  
Moi House  
1st Ngong Avenue  
P.O. Box 30450 -00100  
**NAIROBI.**

Dear Cabinet Secretary,

**RE: REVIEW OF REGULATORY IMPACT STATEMENT ON THE PROPOSED REGULATIONS TO ENABLE ELECTRONIC LAND TRANSACTIONS, REGISTRATION AND CONVEYANCING**

Your letter Ref MOLPP/ADM/CSO/1/369 dated May 2, 2020 refers.

The Kenya Law Reform Commission has reviewed the Regulatory Impact Statement and notes that it contains all the components required under Section 7 of the Statutory Instruments Act 2013.

In this regard, it is the Commission's opinion, as an independent agency from the Ministry, that the Regulatory Impact Statement and the assessment contained therein, satisfies the requirements of all the Statutory Instruments Act, 2013.

We thank you for your continued support and cooperation.

Yours sincerely,

Hon. Josephine Sinyo, EBS

**Ag. Secretary/Chief Executive Officer**

