

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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REPORT

THE NATIONAL ASSEMBLY	
DATE: 17 APR 2024	WED
OF	Hon Naomi Waco, mp
BY:	Deputy majority Whip
CLERK BY:	Finlay
THE TABLE:	

THE AUDITOR-GENERAL

ON

KENYA INSTITUTE OF CURRICULUM
DEVELOPMENT MORTGAGE & CAR
LOAN SCHEME

FOR THE YEAR ENDED
30 JUNE, 2023



**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT
MORTGAGE & CAR LOAN SCHEME**

**DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2023**

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

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1. Key Scheme information and management

a) Background information

Kenya Institute of Curriculum Development Staff Mortgage and Car Loan Scheme is established by and derives its authority and accountability from KICD Act No. 4 of 2013. The Scheme is wholly owned by Kenya Institute of Curriculum Development and is domiciled in Kenya. Pursuant to the Salaries and Remuneration Commission circular no. SRC/ADM/CIR/1/13Vol. III (128) dated 17 December 2014, the Institute operationalized a car loan and mortgage scheme which was approved by the Council in 2017. The Institute developed internal regulations as guided and approved by The National Treasury. An internal Committee was thereafter appointed to oversee the operationalization and implementation of the scheme. An agreement with the Scheme Administrator (Kenya Commercial Bank) was signed on 30th November 2019. The Scheme was operationalised in the financial year 2020/2021.

b) Principal Activities

The principal activity/mandate of the Scheme is to provide staff with loans for car and mortgage so as to facilitate their mobility and acquisition of residential homes. The Scheme is administered by Kenya Commercial Bank Ltd.

There is a Mortgage & Car loan Committee charged with the responsibility of recommending for approval of loans from applicants in accordance with the approved regulations. The scheme is a cash backed scheme, with resources from Kenya Institute of Curriculum Development budgetary process.

c) KICD Mortgage & Car loan Committee

Ref	Name	Designation
1	Emily Sila	Vice Chairperson
2	Johnson Wachira	Member
3	Kennedy Ongaro	Member
4	Grace Ngugi	Member
5	Alfayo Ongeru	Member
6	Jacinta Njenga	Member
7	Anne Muteti	Secretariat
8	Ann Muiro	Secretariat

d) Key Management

Ref	Position	Name
1	Scheme Manager/ Administrator	Kenya Commercial Bank Ltd.
2	Staff Mortgage and car Loan Committee	As Above

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Staff Mortgage and car Loan Committee	As Above
2	Chief Executive Officer	Prof. Charles O. Ong'ondo, PhD, MBS
3	KICD Internal Audit	

f) Registered Offices

Kenya Institute of Curriculum Development,
P.O. Box 30231-00100,
Desai Road, Off Murang'a Road,
Nairobi, Kenya.

g) Scheme Contacts

Kenya Institute of Curriculum Development,
P.O. Box 30231-00100,
Desai Road, Off Murang'a Road,
Nairobi, Kenya.
E-mail: info@kicd.ac.ke
Website: www.kicd.ac.ke

h) Scheme Bankers

Kenya Commercial Bank Ltd.

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 and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. Scheme Administration Committee

Ref	Name	Designation
1	Emily Sila	Vice Chairperson
2	Johnson Wachira	Member
3	Kennedy Ongaro	Member
4	Grace Ngugi	Member
5	Alfayo Ongeru	Member
6	Jacinta Njenga	Member
7	Anne Muteti	Secretariat
8	Ann Muiru	Secretariat

3. Management Team

Ref	Position	Name
1	Staff Mortgage and car Loan Committee	As Above
2	Chief Executive Officer	Prof. Charles O. Ong'ondo, PhD, MBS

4. Chairperson's Report

Kenya Institute of Curriculum Development Staff Mortgage and Car Loan Scheme is established under the Institute's Car loan and Mortgage Scheme Regulations. The administration of the scheme is carried out by the Kenya Commercial Bank.

The scheme's Committee members are drawn from the directorates of the Institute who help in administering the scheme.

Kenya Institute of Curriculum Development Staff Mortgage and Car Loan Scheme has in the last two years benefitted the staff in acquiring residential homes and motor vehicles. This has translated to motivated workforce. The scheme is expected to grow significantly and benefit more members of staff in the future. The scheme is managed by the Kenya Commercial bank and all scheme transfers are credited in a fixed deposit so as to earn interest. The earned interest is ploughed back to the scheme and this leads to the growth of the scheme. Staff that have benefited from the scheme have utilized the scheme to acquire residential houses and motor vehicles.

The Institute Staff Car Loan and Mortgage Scheme Committee commits to prudently manage the scheme for the benefit of all Staff and for overall achievement and realization of the staff welfare objectives.



**MS. EMILY SILA
VICE CHAIRPERSON, SCHEME COMMITTEE**

5. Report of the Chief Executive Officer

Kenya Institute of Curriculum Development Staff Mortgage and Car Loan Scheme was approved for establishment by the Council in 2017 with an aim of providing staff with low cost mortgage & Car loans as required by the Salaries & Remuneration Commission. The Institute developed internal regulations as guided and approved by The National Treasury. An internal Committee was thereafter appointed to oversee the operationalization and implementation of the scheme. An agreement with the Scheme Administrator (Kenya Commercial Bank) was signed on 30th November 2019. The Scheme was operationalised in the financial year 2020/2021.

The scheme is a cash backed scheme, with resources from Kenya Institute of Curriculum Development budgetary process.

Since inception the scheme has awarded Mortgage Loans to four staff members and car loans to nine staff members. Staff members positively welcomed the introduction of the Scheme as they will be able to acquire Mortgage and Car loan facilities at lower cost. This will also enhance staff retention and motivation. Since inception there was low uptake especially for Mortgage loans as staff were clearing prior financial commitments so as to be able to take up the loans.



PROF. CHARLES O. ONG'ONDO, PhD, MBS.
CHIEF EXECUTIVE OFFICER
KENYA INSTITUTE OF CURRICULUM DEVELOPMENT

6. Statement of Performance against Predetermined Objectives

The objective of the scheme is to provide staff with low-cost mortgage & car loans. A Mortgage & Car loan Committee was appointed to oversee the operationalization and implementation of the scheme. An agreement with the Scheme Administrator (Kenya Commercial Bank) was signed on 30th November 2019. The Scheme was operationalised in the financial year 2020/2021.

Since inception the scheme has awarded Mortgage Loans to four staff members and car loans to nine staff members. Staff members were pleased with the scheme and this will also enhance staff retention and motivation.

7. Corporate Governance Statement

The Mortgage & Car loan Committee is appointed by the Chief Executive Officer. The Committee is charged with the responsibility of recommending for approval of loans from applicants in accordance with the approved regulations. The scheme administrator who is the Kenya Commercial Bank appraises the individual staff loan applications recommended by the Institute and facilitates the acquisition of the assets to the individuals as per the approved agreement. There is also an internal audit function charged with the responsibility of ensuring adherence to the regulations.

8. Management Discussion and Analysis

The scheme's initial investment in the financial year 2020/2021 was **Kshs. 50 million**. **Kshs. 30 million** was allocated to Mortgage while **Kshs. 20 million** was allocated to car loan. As at 30th June 2023 the Scheme's accumulated surplus which was mainly from interest earned on unutilised schemes was **Kshs. 1,025,233.45**. There was additional mortgage deposit of **Kshs. 10 million** in FY2022/2023. The scheme therefore closed at **Kshs. 61,025,233.45**

The scheme is cash backed from the Institute's resources allocated from the budgetary process. The Institute is funded by the exchequer. The allocation of funds follows the normal KICD budget approval processes. As at end of financial year 2022/2023 the scheme had awarded Mortgage Loans to four staff members. Nine staff members were awarded car loans. There was low uptake as staff were clearing prior financial obligations.

9. Environmental and Sustainability reporting

Over the years, KICD has endeavoured to partner with its stakeholders to champion a cause that is likely to have a positive impact on society. During the 2022/2023 Financial Year, in giving back to society, the Institute participated in a tree planting exercise in response to a Presidential directive on 'National Strategy for Achieving and Maintaining over 10% Tree Cover which was issued on January 5, 2019. KICD planted 1,462 tree seedlings at Aquinas High School in Makadara Sub-County in Nairobi County on April 18, 2023, in response to the directive that is captured in the Institute's performance contract. The Financial Year 2022/2023, was a government transitional period. In heeding the clarion call by the President, KICD is expected to set aside schemes for afforestation support in its contribution to the 15 billion Tree Growing and Restoration Campaign for the restoration of 10.6 million hectares by 2032 in the subsequent financial years.

10. Report of the Scheme Administration Committee

The Institute/Scheme Administration Committee submit their report together with the financial statements for the year ended June 30, 2023, which show the state of the Scheme affairs. Financial Statements are as provided in this report.

Principal activities

The principal activities of the Scheme are to provide mortgage and car loan facilities to the staff.

Performance

The performance of the Scheme for the year ended June 30, 2023, is set out on page 1

Scheme Committee

The members of the Mortgage & Car loan Committee who served during the year are as shown on the key scheme information and management page.

Auditors

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



PROF. CHARLES O. ONG'ONDO, PhD, MBS.
CHIEF EXECUTIVE OFFICER
KENYA INSTITUTE OF CURRICULUM DEVELOPMENT

DATE: 01/03/2024

11. Statement of Management's Responsibilities

The Council is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme as at the end of the financial year ended on June 30, 2023.

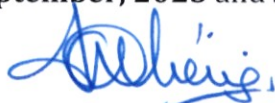
This responsibility includes:

- (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 scheme,
- (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 scheme;
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the Scheme'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. The Council is of the opinion that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the financial year ended June 30, 2023, and of the Scheme's financial position as at 30th June 2023. It further confirms the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the management of the Scheme has assessed the Scheme's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

The draft scheme's financial statements were approved by the Council on **25th September, 2023** and signed on its behalf by;



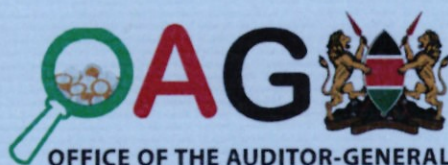
PROF. CHARLES O. ONG'ONDO, PhD, MBS.
CHIEF EXECUTIVE OFFICER



EMILY SILA
VICE CHAIRPERSON

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF CURRICULUM DEVELOPMENT MORTGAGE & CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Institute of Curriculum Development Mortgage & Car Loan Scheme set out on pages 1 to 14, which comprise of

Report of the Auditor-General on Kenya Institute of Curriculum Development Mortgage & Car Loan Scheme for the year ended 30 June, 2023

the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Institute of Curriculum Development Mortgage & Car Loan Scheme as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Scheme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 March, 2024

13. Statement of Financial Performance for the year ended 30th June 2023.

Description	Note	2022/23	2021/22
		Kshs	Kshs
Revenue from exchange transactions			
Interest income	5	328,621	496,848
		328,621	496,848
Expenses			
Bank charges	6	(2,635)	(4,272)
Total expenses		(2,635)	(4,272)
Surplus		325,986	492,576

(The notes set out on pages 7 to 10 form an integral part of these Financial Statements).

The financial statements were approved by:



.....
PROF. CHARLES O. ONG'ONDO, PhD, MBS.
CHIEF EXECUTIVE OFFICER



.....
DR. SOLOMON M. KATHUO
HEAD OF FINANCE &
ACCOUNTS



.....
EMILY SILA
VICE CHAIRPERSON

14. Statement of Financial Position as at 30th June 2023

Description	Note	2022/23	2021/22
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	7	26,812,948	17,491,325
Receivables from exchange transactions	8	34,212,286	33,207,922
Total Current Assets		61,025,233	50,699,247
Total assets		61,025,233	50,699,247
Liabilities			
Trade and other payables		-	-
Total liabilities		-	-
Total Net assets		61,025,233	50,699,247
Car loan revolving scheme		20,000,000	20,000,000
Mortgage revolving scheme		40,000,000	30,000,000
Accumulated surplus (<i>Reserves</i>)	9	1,025,233	699,247
Total net assets and liabilities		61,025,233	50,699,247

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Scheme financial statements were approved and signed by:



PROF. CHARLES O. ONG'ONDO, PhD, MBS.
CHIEF EXECUTIVE OFFICER

Date: 01/03/2024



DR. SOLOMON M. KATHUO
HEAD OF FINANCE & ACCOUNTS

Date: 01/03/2024



EMILY SILA
VICE CHAIRPERSON

Date: 01/03/2024

15. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Mortgage Scheme	Car Loan Scheme	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
As at 1 July 2020	-	-	-	-
Surplus for the period	-	-	206,672	206,672
Funds received during the year	30,000,000	20,000,000	-	50,000,000
As at 30 June 2021	30,000,000	20,000,000	206,672	50,206,672
Balance as at 1 July 2021	30,000,000	20,000,000	206,672	50,206,672
Surplus for the period			492,576	492,576
As at 30 June 2022	30,000,000	20,000,000	699,247	50,699,247
Balance as at 1 July 2022	30,000,000	20,000,000	699,247	50,699,247
Surplus for the period			325,986	325,986
Funds received during the year	10,000,000	-	-	10,000,000
As at 30 June 2023	40,000,000	20,000,000	1,025,233	61,025,233

(Revenue Reserves are from accumulated surplus.)



PROF. CHARLES O. ONG'ONDO, PhD, MBS.
CHIEF EXECUTIVE OFFICER

Date: 01/03/2024



DR. SOLOMON M. KATHUO
HEAD OF FINANCE & ACCOUNTS

Date: 01/03/2024



EMILY SILA
VICE CHAIRPERSON

Date: 01/03/2024

16. Statement of Cash Flows for the year ended 30th June 2023

Description	Note	2022/23	2021/22
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received	5	328,621	496,847
Total receipts		328,621	496,847
Payments			
Finance cost	6	(2,635)	(4,272)
Total payments		(2,635)	(4,272)
Net cash flow from operating activities		325,986	492,575
Cash flows from investing activities			
(Increase)/Decrease in Loan receivable	8	(1,004,363)	(20,357,872)
Net cash flows used in investing activities		(1,004,363)	(20,357,872)
Cash flows from financing activities			
Increase in KCB Mortgage scheme	10	10,000,000	-
Net cash flows used in financing activities		10,000,000	-
Net increase/(decrease) in cash and cash equivalents		9,321,623	(19,865,297)
Opening Cash and cash equivalents		17,491,325	37,356,622
Closing Cash and cash equivalents	7	26,812,948	17,491,325



PROF. CHARLES O. ONG'ONDO, PhD, MBS.
CHIEF EXECUTIVE OFFICER

Date: 01/03/2024



DR. SOLOMON M. KATHUO
HEAD OF FINANCE & ACCOUNTS

Date: 01/03/2024



EMILY SILA
VICE CHAIRPERSON

Date: 01/03/2024

17. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from KICD budget	100,000,000	(63,500,000)	36,500,000	10,000,000	26,500,000	27
Interest received	400,000		400,000	328,621	71,379	82
Total Revenue	100,400,000	(63,500,000)	36,900,000	10,328,621	26,571,379	28
Expenditure						
Bank charges	4,000		4,000	2,635	1,365	66
Mortgage & Car loan transfers	100,000,000	(63,500,000)	36,500,000	10,000,000	26,500,000	27
Total Expenditure	100,004,000	(63,500,000)	36,504,000	10,002,635	26,501,365	27
Surplus	396,000	-	396,000	325,986	70,014	82
Totals	100,400,000	(63,500,000)	36,900,000	10,328,621	26,571,379	27



PROF. CHARLES O. ONG'ONDO, PhD, MBS.
CHIEF EXECUTIVE OFFICER

Date: 01/03/2024



DR. SOLOMON M. KATHUO
HEAD OF FINANCE & ACCOUNTS

Date: 01/03/2024



EMILY SILA
VICE CHAIRPERSON

Date: 01/03/2024

Budget notes

- The Mortgage & Car loan uptake was low as staff were making arrangements to clear financial commitments so as to be able to access the Mortgage & Car loans. Most staff would prefer advances to purchase plots and construct houses rather than purchase ready to occupy houses.

18. Notes to the Financial Statements

1. General Information

KICD Staff Mortgage & Car Loan Scheme is established by and derives its authority and accountability from KICD Act. The Scheme is wholly owned by the Institute and is domiciled in Kenya. The scheme was established to cater for the welfare of the staff.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on accrual basis. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency.

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

3. Adoption of New and Revised Standards

The scheme did not adopt any new or amended standards in financial year 2022/2023.

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Transfers to the Mortgage and Car loan scheme accounts follow the Institute's budgetary process and approvals.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued when earned in the period which it is earned. Revenue constitutes all income accruing to the scheme in the form of interest on unutilised funds.

b. Budget information

The original budget and revised budgets for FY 2022/23 were approved by the Council. The financial statements are prepared on accrual basis whereas the budget is prepared on a cash basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is presented.

Significant Accounting Policies (Continued)

c. Nature and purpose of reserves

The scheme accumulated reserves are mainly from the accumulated surplus over the years.

d. Related parties

The scheme regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Scheme, or vice versa. Members of key management are regarded as related parties and comprise the Director, the Scheme Managers, and Scheme committee.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and unutilised 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 the Kenya Commercial Bank at the end of the financial year.

f. Comparative figures

Where necessary comparative figures for the previous financial year have been included.

g. Events after the reporting period

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

h. Ultimate and Holding Scheme

The Scheme is established under Section 24 (4) PFM Act under the Department of State Corporation. Its ultimate parent is the Government of Kenya.

i. Currency

The financial statements are presented in Kenya Shillings (Kshs.).

Notes to the Financial Statements

5. Interest income

Description	2022/23	2021/22
	Kshs	Kshs
Interest Income on unutilized funds	328,621	496,848
Total Interest Income	328,621	496,848

6. Finance costs

Description	2022/23	2021/22
	Kshs	Kshs
Bank charges	2,635	4,272
Total	2,635	4,272

7. Cash & Cash Equivalent

Financial Institution	Account number	2022/23	2021/22
		Kshs	Kshs
Mortgage and Car Loan Scheme			
Kenya Commercial Bank Ltd— Mortgage Current Account	1281008311	10,038,750	31,482
Kenya Commercial Bank Ltd- Mortgage unutilized Account	1281008311	7,535,956	6,181,539
Kenya Commercial Bank Ltd- Car loan unutilized Account	1281008753	9,193,914	11,213,576
Kenya Commercial Bank Ltd- Car loan Current Account	1281008753	44,328	64,728
Total		26,812,948	17,491

Notes to the Financial Statements continued

8. Receivables from exchange transactions

Description	2022/23	2021/22
	Kshs	Kshs
Current Receivables		
Mortgage loan balances as at 30.06.23	22,872,182	24,092,862
Car loan balances as at 30.06.23	11,340,104	9,115,060
Total Receivables From Exchange Transactions	34,212,286	33,207,922

9. Accumulated Surplus

Description	2022/23	2021/22
	Kshs.	Kshs.
Opening Balance	699,247	206,671
Surplus/(Deficit) for the year	325,986	492,576
Total Accumulated Surplus	1,025,233	699,247

10. Initial Scheme Investment

Description	2022/23	2021/22
	Kshs.	Kshs
Car loan Initial Investment	20,000,000	20,000,000
Mortgage Initial Investment	30,000,000	30,000,000
Additional Funding Mortgage 2022.2023	10,000,000	
Total	60,000,000	50,000,000

Other Disclosures

11. Financial risk management

The Scheme's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Scheme's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Scheme does not hedge any risks and has in place policies to ensure that credit is only extended to borrowers with an established credit history. The Scheme's financial risk management objectives and policies are detailed below:

a) Credit risk

The Scheme has exposure to credit risk, which is the risk that a borrower will be unable to repay the loan. The Scheme's credit risk is low since the acquired assets are charged to the bank and also act as security to the loan. The administrator reduces this risk by keenly appraising the borrower before processing the loan. The carrying amount of financial assets recorded in the financial statements representing the Scheme's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impair ed Kshs
At 30 June 2023				
Receivables From Exchange Transactions-Car loans and mortgages	34,212,286	34,212,286	-	-
Bank Balances	26,812,948	26,812,948	-	-
Total	61,025,233	61,025,233	-	-
At 30 June 2022				
Receivables From Exchange Transactions- Car loans and mortgages	33,207,922	33,207,922	-	-
Bank Balances	17,491,325	17,491,325	-	-
Total	50,699,247	50,699,247	-	-

b) Liquidity risk management

Liquidity risk is the risk that the scheme will not be able to meet financial obligation when they fall due. This risk is managed by ensuring that the scheme is liquid enough to meet its obligations whenever they fall due. This has been done by providing budgetary provisions to the scheme.

c) Market risk

The Council has put in place an internal audit function to assist it in assessing the risk faced by the Scheme on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Scheme's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Scheme's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

There has been no change to the Scheme's exposure to market risks or the manner in which it manages and measures the risk.

d) Interest rate risk

Interest rate risk is the risk that the Scheme's financial condition may be adversely affected as a result of changes in interest rate levels. The Scheme's interest rate risk arises from bank deposits. This exposes the Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Scheme's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

e) Capital risk management

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

Description	2022/23	2021/22
	Kshs	Kshs
Revolving scheme	60,699,247	50,206,672
Accumulated surplus (<i>Reserves</i>)	325,986	492,576
Total schemes	61,025,233	50,699,247
Less: cash and bank balances	(26,812,948)	(17,491,325)
Net debt/(excess cash and cash equivalents)	34,212,286	33,207,922

12. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Scheme include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The scheme/scheme is related to the following entities:

- a) National government Scheme
- b) The Council
- c) Key management;
- d) Scheme Committee
- e) Scheme Administrator

b) Related party transactions

i. Transfers from related parties

Description	2022/23	2021/22
	Kshs	Kshs
Transfers from related parties	-	-

ii. Key management remuneration

Description	2022/23	2021/22
	Kshs	Kshs
Scheme's committee	-	-
Key Management Compensation	-	-
Total	-	-

19. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	N/A			



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Date.....01/03/2024.....