

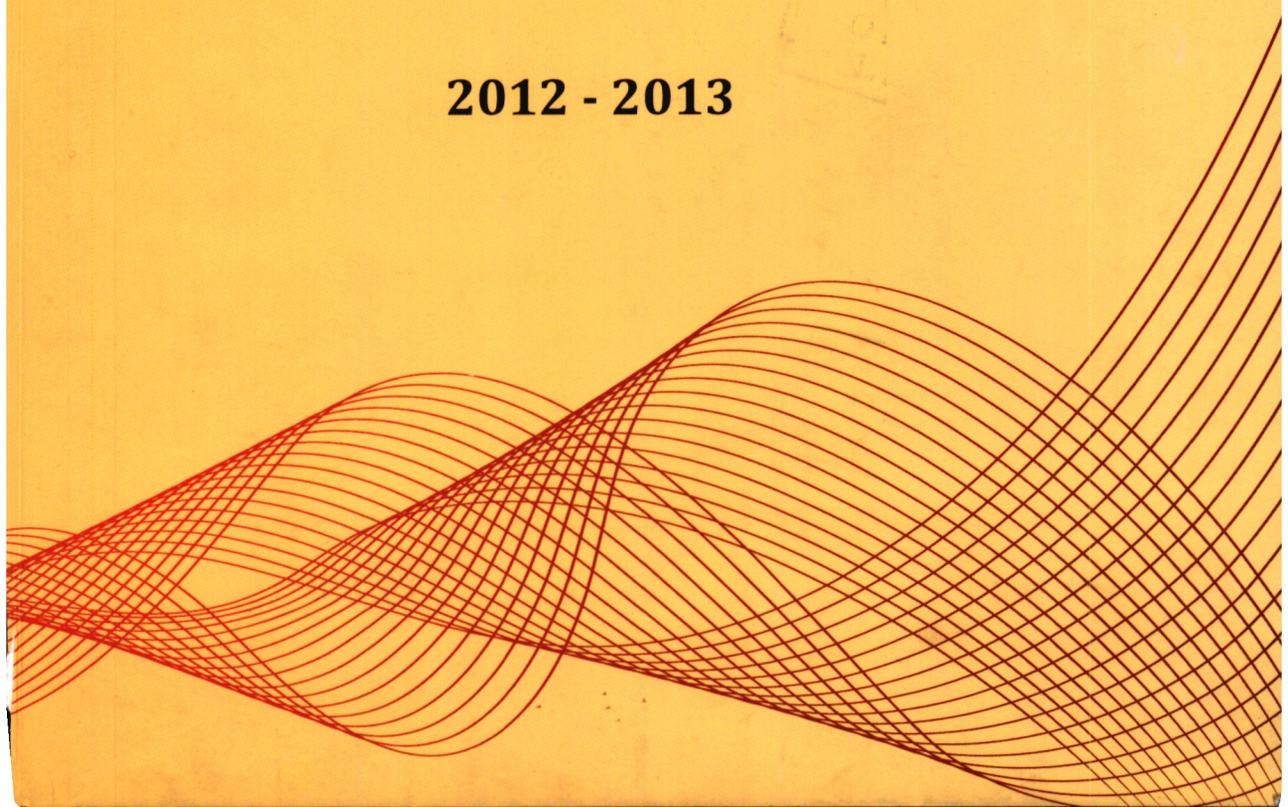


**Salaries & Remuneration  
Commission**

Rewarding productivity

**ANNUAL REPORT  
OF THE  
SALARIES AND REMUNERATION COMMISSION**

**2012 - 2013**





PRESIDENT UHURU KENYATTA COMMANDER IN CHIEF OF DEFENCE FORCE OF REPUBLIC OF KENYA AND DEPUTY PRESIDENT WILLIAM RUTO WITH MEMBERS OF THE SALARIES AND REMUNERATION COMMISSION AND SENIOR GOVERNMENT OFFICIALS AT STATE HOUSE NAIROBI ON 11<sup>TH</sup> APRIL 2013.

## MANDATE OF THE COMMISSION

The Salaries and Remuneration Commission is established under Chapter 12, Article 230(1) of the Constitution of Kenya, 2010. Article 230(4) provides for the mandate of the Commission as to:

- (a) set and regularly review the remuneration and benefits of all the State officers; and
- (b) 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), the Salaries and Remuneration Commission Act, 2011 provides under Section 11 that the Commission shall:

- (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 offices;
- (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 for by the Constitution or any other written law.



## GUIDING PRINCIPLES FOR REMUNERATION DETERMINATION

In the performance of its functions, the Constitution under Article 230 (5) provides that, the Commission shall take the following principles into account-

- (i) the need to ensure that the total public compensation bill is fiscally sustainable;
- (ii) the need to ensure that the public services are able to attract and retain the skills required to execute their functions;
- (iii) the need to recognize productivity and performance; and
- (iv) transparency and fairness.

## POWERS OF THE COMMISSION

Section 13 (1, 2) of the Salaries and Remuneration Commission Act, 2011 provides that the



Commission shall have all powers generally necessary for the execution of its functions under the Constitution and the Act, and without prejudice to the generality of the foregoing, the Commission shall have powers to-

- (i) gather, by any means appropriate, any information it considers relevant, including requisition of reports, records, documents or any information from any source, including governmental authorities;
- (ii) interview any individual, group or members of organizations or institutions and, at the Commission's discretion, conduct such interviews;
- (iii) hold inquiries for the purposes of performing its functions under this Act;
- (iv) take any measures it considers necessary to ensure that in the harmonization of salaries and remuneration, equity and fairness is achieved in the public sector;
- (v) In the performance of its functions, the Commission may inform itself in such manner as it thinks fit;
- (vi) may receive written or oral statements from any person, governmental or non-governmental agency; and
- (vii) shall not be bound by the strict rules of evidence.

### **VISION**

Equitable and sustainable remuneration and benefits for State and public officers in Kenya.

### **MISSION**

To set, review and advise on fair, competitive and sustainable remuneration and benefits through research and analysis.

### **CORE VALUES**

Integrity  
Team work  
Objectivity  
Accountability  
Responsiveness



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## ABBREVIATIONS AND ACRONYMS

<b>AG</b>	Attorney General
<b>CBK</b>	Central Bank of Kenya
<b>CIC</b>	Commission for the Implementation of the Constitution
<b>CSR</b>	Corporate Social Responsibility
<b>DPMFG</b>	Department of Personnel Management of Federal Government
<b>DPP</b>	Directorate of Personnel Department
<b>DPPRC</b>	Directorate of Policy Planning Research and Compliance
<b>DRA</b>	Directorate of Remuneration Analysis
<b>GCCN</b>	Government Common Core Network
<b>GDP</b>	Gross Domestic Product
<b>ICT</b>	Information and Communication Technology
<b>ICSC</b>	International Civil Service Commission
<b>IEBC</b>	Independent Electoral and Boundary Commission
<b>IMF</b>	International Monetary Fund
<b>IPPD</b>	Integrated Personnel Payroll Database
<b>KBC</b>	Kenya Broadcasting Corporation
<b>KIPPRA</b>	Kenya Institute for Public Policy Research and Analysis
<b>KTN</b>	Kenya Television Network
<b>MP</b>	Members of Parliament
<b>NTV</b>	National Television
<b>PFM</b>	Public Finance Management
<b>SRC</b>	Salaries and Remuneration Commission
<b>USA</b>	United States of America
<b>WCCSEO</b>	Washington Citizen's Commission on Salaries of Elected Officials

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## STATEMENT FROM THE CHAIRPERSON



I wish to present the Salaries and Remuneration Commission Annual Report for the Financial Year 2012/2013. The report is on its performance and audited financial statements. During the period, both the national and county governments became operational following the 4th March, 2013 general elections in accordance with the Constitution of Kenya. The two levels of government ushered in new State Offices, and created several non-state offices especially in the county government. This has expanded the public service and therefore, has posed several remuneration challenges.

On 1st March, 2013, the Commission after conducting the job evaluation for State officers set the remuneration and benefits structure for the State officers, to ensure that as the elected State Officers took office there was a clear remuneration and benefits structure for the positions. This was in compliance with the provisions of the Constitution and other legal instruments. The Commission has also continuously advised on remuneration and benefits for other public officers in order to promote fairness, minimize disparities, harmonize remuneration system and thus, establishing equal pay for work of equal value.

In setting and advising on the remuneration and benefits structures, the Commission was guided by the principles provided within the Constitution and other written laws. Key among these principles is 'ensuring the fiscal sustainability of the total public compensation bill'. The principle was considered key as the Commission was constituted at a time when all sustainability parameters of the Kenyan wage bill were already beyond the generally acceptable limits. It is important to note that the implementation of the Constitution increases the wage bill. Consequently, wage sustainability problems will have to be addressed by all institutions from a central point and in holistic manner. It is against this background that the Commission rationalized and set remuneration and benefits structures for State officers and advised on the remuneration and benefits for all other public officers during the year 2012/2013, as a step towards addressing wage bill sustainability.

As the Commission undertook to implement its Constitutional Mandate, it faced a number of challenges. These challenges ranged from: non-compliance to resistance to change from some public entities; expansion of the public service and thus, additional increase in the wage bill; institutional pressures to industrial unrests; lack of productivity and performance measurement tools; and high vertical and horizontal disparities and inequities in remuneration levels. The Commission is nevertheless working with all stakeholders to ensure that these challenges are addressed in the most effective and acceptable manner.

It is the duty of every Kenyan to individually and collectively play a role in transforming the public sector wage bill management in order to promote sustainable social and economic development. In the discharge of its mandate, the Commission placed a high premium on



the principle of public participation and is committed to continuous engagement with all its stakeholders in seeking sustainable reforms in the public sector wage bill management in a fair and transparent manner. The people of Kenya and other stakeholders have been supportive as the Commission undertook its mandate. This was evidenced in the responses to the newspaper adverts including participation in public fora. I therefore, take this opportunity to congratulate the people of Kenya for exercising their right by providing invaluable input to key decisions of the Commission.

I wish to assure all Kenyans that the Commission remains fully committed to undertaking its mandate in the best interest of this Country and for quality service delivery to all. The Commission is indeed indebted to the people of Kenya, the national and county governments, the National Parliament, the Senate, various state organs, development partners and all other stakeholders' who have directly or indirectly played a role in the period under review and looks forward to continued support in achieving its mandate.



**Mrs. Sarah J. Serem, EBS**  
CHAIRPERSON

# MEMBERS OF THE SALARIES AND REMUNERATION COMMISSION



*Sarah J. C. Serem, EBS  
Chairperson*



*Daniel O. Ogutu  
Vice-Chairperson*



*Serah N. Kinyua  
Commissioner*



*Hon. Peter Oloo Aringo EGH  
Commissioner*



*Jacqueline A. Mugo, OGW  
Commissioner*



*Jason N. Namasake  
Commissioner*



*Sellestine A. Kiuluku  
Commissioner*



*Brig. (Rtd) Samuel Kirugi, MBS  
Commissioner*



*Anne E. Owuor  
Commissioner*



*Isaiah Kubai  
Commissioner*



*Joseph K. Kinyua, CBS  
Commissioner*



*Titus M. Ndambuki, CBS  
Commissioner*



*Wanjuki Muchemi, CBS  
Commissioner*



## STATEMENT FROM THE COMMISSION SECRETARY



The Salaries and Remuneration Commission has made progressive efforts and has had strong commitment in operationalizing its mandate since inception. The Commission established a competent and dedicated team of Secretariat Staff who have continued to provide solid support in the management and coordination of its activities. The Commission has continued to strengthen its Secretariat through capacity building, targeted training and skills development of its human resources in strategic areas critical to its technical and administrative objectives.

The policy achievements of the Commission so far has been a result of numerous processes that became successful premised on the dedication of the Commission members, staff, stakeholders and members of the public. The Commission undertook a Comparative Study to provide empirical evidence on wage differentials between the public and private sector as a baseline for sound policy formulation and wages in the country. The Commission then conducted a job evaluation exercise for State officers. This enabled the Commission understand the job worth of state offices and informed the development of a remuneration and benefits structure for State officers. An extensive international study on comparable: worth of State officers' jobs; wage sustainability parameters; and compression ratios was carried out to support the decisions of the Commission and inform in the setting of remuneration levels.

The Commission has continued to engage with other key stakeholders in order to marshal more support in the form of technical assistance in the review of relevant policies, development of Commission documents, budgetary support and the implementation of the Strategic Plan. The technical support received through the National Treasury by the Commission enhanced the Commission's ability to undertake its mandate.

The Commission is therefore, greatly indebted to the various levels and arms of Government, State agencies, Stakeholders, Development Partners and all the people of Kenya who supported the Commission during this period. Without their financial, technical and moral support, the strides made in the period would not have been achieved.

A handwritten signature in black ink, appearing to read 'G. A. Otieno'.

**G. A. Otieno (Mrs.), MBS**  
COMMISSION SECRETARY/CHIEF EXECUTIVE

## MANAGEMENT TEAM



*Grace A. Otieno, MBS  
Commission Secretary*



*Anne R. Gitau  
Deputy Commission Secretary*



*Rose K. Masya, HSC  
Director, Remuneration  
Analysis*



*Nicodemus Odongo  
Director, Research Compliance Policy  
and Planning*



*Janet Mabwa  
Director, Corporate Affairs*



## EXECUTIVE SUMMARY

The Salaries and Remuneration Commission is established under Article 230 of the Constitution to set, review and advise on fair, competitive and sustainable remuneration and benefits in the Public Service. In undertaking its functions, the Commission collects and collates data, and conducts research, surveys, job evaluation and analysis.

During the period of reporting, the Commission undertook a comparative study to provide empirical evidence on wage differentials between the public and private sector as a baseline for sound policy formulation and setting of wages in the country. The Commission conducted a job evaluation exercise for State officers and an extensive international study on: comparable worth of State officers' jobs; wage sustainability parameters; and compression ratios, to support the decisions of the Commission and inform the setting of remuneration levels for State officers. This enabled the Commission to determine the job worth of State offices and informed the development of remuneration and benefits structure for State officers.

Additionally, the Commission advised on remuneration and benefits for other public officers in order to promote fairness, minimize disparities, harmonize remuneration system in an effort to establish equal pay for work of equal value. The advices were guided by the Constitutional principles and wage bill sustainability. The Commission during the period of reporting therefore: institutionalized the use of Realigned Civil Service remuneration as a benchmark for remuneration reviews; harmonized remuneration for disadvantaged organizations for attraction and retention; discontinued provision of salaries personal-to-self; stagnated remuneration for high paying state corporations; and advised on management of Collective Bargaining Agreements (CBAs) and implementations of the agreements for purposes of promoting sustainability of the total public compensation bill.

The Commission also advised the Public Service through a Circular to harmonize the review cycle to 4 years to allow for economic growth and manage agitation for pay reviews. The Commission developed regulations to guide the submissions of remuneration cases for review. While undertaking all these activities, the Commission complied with the provision of Article 232 (d) of the Constitution and consulted its stakeholders and members of the public at all levels of its major policy decisions.

The Commission being a new institution also engaged in operational activities during the same period. These included acquisition of: postal address; corporate colour scheme; logo; office space at Williamson building and partitioning the same; e-mail address (src@kenya.go.ke); and website (www.src.co.ke). The Commission further, developed operating structures and recruited staff; enhanced capacity of its members and staff through training and benchmark visits; and developed Operational Policies, Procedures, and Manuals to guide its operations.

During the same period, the Commission faced a number of challenges. These included: issues of non-compliance; resistance to change by some public entities; institutional pressures; industrial unrests; lack of productivity and performance measurement tools; high



vertical and horizontal disparities and inequities in remuneration levels; and expansion of the public service especially through devolution and thus, additional increase in the wage bill.

An analysis of macroeconomic aggregates used for testing affordability and sustainability over the period indicates that management of the wage bill is still a big challenge as the current wage bill is far beyond sustainable levels. The cost of implementing the Constitution of Kenya, 2010 in terms of remuneration and benefits for the positions created therein, and implementation of collective bargaining agreements compounded the problem. Further, although the Public Finance Management Act, 2012, provides that the Government should spend at least 30% of the total budget on development expenditure, the wage bill currently consumes a higher than the general acceptable percentage, when computed either against revenue, expenditure or gross domestic product.

The Commission is aware that besides the wage bill sustainability, there are other parameters provided in the Constitution against which to gauge the remuneration and benefits setting and advice. Moving forward therefore, the Commission will develop a policy and legal framework to be able to manage the growth of the wage bill and link remuneration to productivity in the Public Service. The Commission is therefore, planning to develop a remuneration and benefits policy. The Commission also recommends that employment process in the Public Service be coordinated and harmonized to ensure that human resources are effectively and efficiently deployed to areas where they are most competent and optimally utilized. The Commission also plans to institute measures aimed at enhancing compliance for purposes of ensuring that once remuneration and benefits levels are set, it is maintained.

The details of the Commission's activities during the year namely: economic parameters that guided the setting and advise of the remuneration for State officers and other public officers respectively; achievements; challenges; recommendations; and the audited financial report of the Commission are contained in Chapters one to six of this Report.



# CHAPTER ONE

## 1.0 BACKGROUND INFORMATION

The Salaries and Remuneration Commission (SRC) is established with the mandate to set and regularly review the remuneration and benefits of the State officers and advise the national and county governments on the remuneration and benefit of all other public officers.

In discharging its mandate, the Commission: collects, collates and analyses both primary and secondary data/information; undertakes studies on the labour market and surveys on trends in remuneration and factors affecting attraction and retention of staff in the Public Service; undertakes job evaluation exercises for the Public Service; and constantly liaises with primary stakeholders to ensure wage sustainability, adequate budgetary provision and general acceptability of the decisions and advice it gives.

Historically, the management of Public Service remuneration has not strictly adhered to the universally accepted principles of remuneration and benefits determination. As a result, the Salaries and Remuneration Commission inherited disparities and inequities in remuneration and benefits payable to public servants, which was a major cause of dissatisfaction and led to frequent industrial unrests. In the first six months of its existence, (January – June, 2012), the Salaries and Remuneration Commission was therefore, faced with a number of remuneration issues that adversely impacted on service delivery.

This period was used to initiate operationalization of the Commission and requisite studies that would inform decisions on remuneration setting, review and advice. Even as the Commission initiated these processes, it was alive to the fact that there was need to have an efficient and effective public service. This of necessity called for attraction and retention of skills from both within and without the Public Service but within the fiscal sustainability levels.

During the period, the Commission undertook a number of activities, to ensure:

- (i) harmonization, equity and fairness of remuneration and benefits;
- (ii) setting and advising on competitive remuneration that will ensure that the public service attracts, and retains requisite skills for delivery of its services;
- (iii) transparency and participation in remuneration setting by conducting job evaluation exercises, starting with State offices positions in July, 2012; and
- (iv) Developing and publishing regulation to guide remuneration and benefits management.



# CHAPTER TWO

## 2.0 SETTING OF REMUNERATION AND BENEFITS IN THE PUBLIC SERVICE

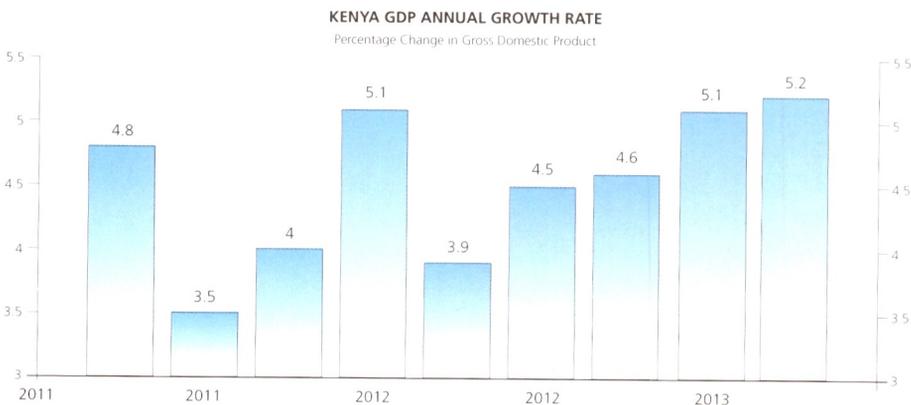
### 2.1 OVERVIEW OF THE ECONOMY

Globally, the economic recovery from the after effects of the 2008 economic crises has been slowed down by Euro zone debt problems. Of particular concern to Kenya therefore, is the fact that the Euro zone (a major trading partner) is projected to register a minus 0.1% growth in 2013 rising to 1% in 2014. Global growth is expected to stand at 2.4% in 2013 and gradually strengthen to 3.1% and 3.3% in 2014 and 2015, respectively. Emerging economies (especially China & India) have equally recorded subdued growth rates compared to their historic trends. Regionally, Sub-Saharan Africa growth will be sustained on a positive margin and is projected to rise to 5.8% in 2013 compared to 4.8% in the year 2012.

### 2.2 ECONOMIC GROWTH PROSPECTS

The performance of the Kenyan economy is similarly fairly promising. The real GDP expanded by 4.6% in 2012 compared to a growth of 4.4% in 2011 and is projected to rise to over 5% in 2013 and 7% in the medium term. The economy's short to medium term forecast is for sustained and rising growth based on fundamentals such as: increased investor and business confidence due to peaceful March, 2013 elections; sufficient rainfall; stable macroeconomic environment; a projected easing and stability of international oil prices; stability of the Kenya shilling; and reforms in the security, governance and justice sub-sectors. Figure 1 gives the Kenyan GDP annual growth rate.

**Figure 1: The Kenyan GDP Annual Growth rate**



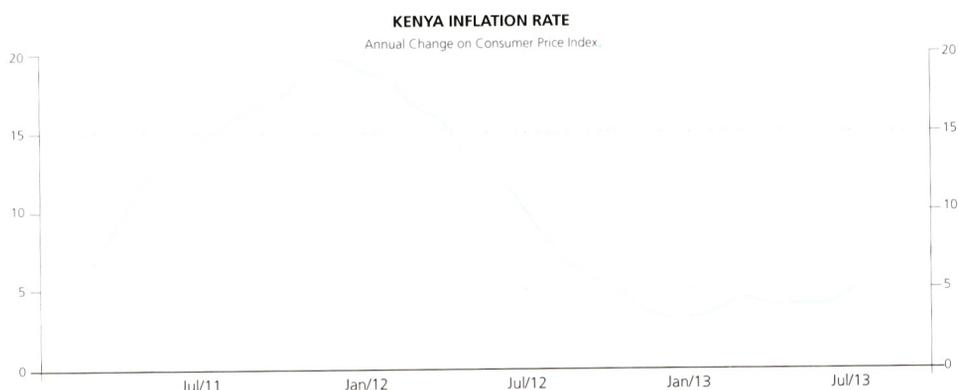
SOURCE: WWW.TRADINGECONOMICS.COM | KENYA NATIONAL BUREAU OF STATISTICS

### 2.3 INFLATION

The annual inflation decreased from 14.0 per cent in 2011 to 9.4 per cent in 2012 and is declining further. The decline in inflation was largely attributed to better food supply resulting from favorable weather conditions. The decline in inflation is favorable

to remuneration review, as it reduces the erosion of purchasing power of persons employed and thus, pressure for demand of higher wages. Figure 2 indicates the Kenyan inflation rate.

**Figure 2. The Kenyan Inflation Rate**



SOURCE: WWW.TRADINGECONOMICS.COM | KENYA NATIONAL BUREAU OF STATISTICS

## 2.4 THE BUDGET

In 2012/13, overall Government expenditure stood at KShs.1,117.0 billion compared to KShs.947.8 billion in 2011/12. Total budgeted recurrent expenditure increased from KShs.647.1 billion in 2011/12, to KShs.808.3 billion in 2012/13, and is projected to grow to KShs. 780.6 billion in 2013/14. Development expenditure was KShs.300.7 billion in 2011/12, KShs.298.9 billion in 2012/13, and projected to grow to KShs.439.1 billion in 2013/14. The stock of Central Government outstanding public debt increased by 14.8% from KShs.1.3 trillion as at June 2011 to KShs.1.6 trillion as at June 2012. Total gross Public Debt Stock was KShs.1.89 trillion as at end June 2013. This is an increase of 15 percent from the year ending June 2012. The Government plans to manage budget deficit through containment of non-priority, consumable expenditure and less productive expenditure and exercise prudence in borrowing to ensure debts remains sustainable.

Domestic debt stood at KShs.858.8 billion, while the External debt stood at KShs.774.6 billion in June 2012. The provisional debt stock was KShs. 1051.0 billion and KShs. 843.6 billion for domestic and external debts respectively in June 2013. The ratio of total debt to GDP stood at 51.0 per cent in 2013, compared to 50.0 per cent in 2012.

The current account deteriorated to a deficit of KShs.359.5 billion in 2012 from a deficit of KShs.340.2 billion in 2011 mainly due to the widening of the visible trade deficit. The capital and financial account recorded a higher surplus of KShs.438.0 billion in 2012 compared to a surplus of KShs.332.6 billion recorded in 2011. The overall balance of payments improved from a surplus of KShs.21.8 billion in 2011 to a surplus of KShs. 123.2 billion in 2012. This improvement was on account of increased international reserves attributed to the purchases of foreign exchange reserves from the domestic interbank market by CBK and the disbursement of IMF loans under the Extended Credit Facility (ECF).



## 2.5 EMPLOYMENT

The labour market in 2012 recorded 659.4 thousand new jobs, representing an increase of 5.5 per cent. Annual average nominal wage earnings increased by 4.7 percent in 2012 while the real average earnings declined by 4.8 per cent. A total of 68.0 thousand new jobs were created in the modern sector in 2012, compared to 74.2 thousand in 2011. The bulk of the new jobs in the modern sector were created in Building and Construction, Information and Communication, Education and Health sub-sectors. The informal sector which constituted 89.7 per cent of total employment created an additional 591.4 thousand jobs.

The Kenyan average annual growth rate in wage bill over the last three year is about 13% (for 2012/13 alone, the increase was by 30%), well above the nominal GDP growth of about 4% and population growth rate of about 3%.

After the recent unprecedented wage increases for teachers and doctors among others, the central government's wage bill now stands at about KShs. 295.3 billion. When the wage component for local government, public universities, national security organs, and public investment projects is included, the total wage bill increased to about KShs. 458.7 billion.

Overall, Kenya's total wage bill in the public sector has continued to increase in nominal terms. This is due to an increase in the number of employees as well as an increase in the average wage. A significant amount of employee compensation is in allowances such as: personal allowance, hardship allowance, entertainment allowance and risks allowances to mention a few.

The Huge wage bill has strained the Government's budget and denied the economy the much needed resources for infrastructure and social services like health and education. The wage bill increases with no concurrent offsetting increase in revenue, has led to deficit financing which has negatively affected debt dynamics and is a breach of the thresholds, putting the country at risk of debt distress, like in the case of Greece. The trend of growth of the Central Government wage Bill is shown in Figure 3.

**Figure 3: The Central Government Wage Bill**



(Source: National Treasury)



## 2.6 FISCAL SUSTAINABILITY EFFECT

Fiscal sustainability is the ability of a government to sustain its current spending, tax and other policies in the long run without threat to government solvency or default on some of its liabilities or promised expenditures. It is assessed based on the sustainability of fiscal policies on long-run projections of country's public finances. Analysis of parameters such as: wage bill as a share of GDP; wage bill as a share of total spending; wage bill as a share of domestic revenue; average government wage as a share of GDP per capita; and debt/fiscal sustainability gives the Country's long term fiscal sustainability. The relationship between wage bill and a country's gross domestic product (GDP) is therefore, a good indicator in assessing the long term sustainability. It gives an indication of how much of a country's economic activity goes into paying salaries as opposed to other expenditure and development needs.

Comparison of this ratio with other regions and countries gives a glimpse which is very useful in sounding the alarm bells of a wage structure which might affect the macroeconomic structure of a country. Further, an analysis of this ratio between total wage bill and revenue is important since wages are paid out of revenue. The higher the wage bill to revenue, the more vulnerable an economy becomes since less domestic resources become available for public investment. A lower level is therefore, preferred.

An analysis of macroeconomic aggregates in Kenya used for testing affordability and sustainability issues which have been computed from the economic aggregates as tabulated in Table 1 indicates that the current wage bill is already beyond sustainable levels. This takes up a sizeable amount of fiscal resources, leaving little room for operations and maintenance, critical investment in health and education, as well as in infrastructure investment and has the effect of not only eliminating resources for development expenditure but also for creating an upward wage spiral within the private sector. The cost of implementing the Constitution of Kenya, 2010 in terms of remuneration and benefits for the positions created therein, and implementation of collective bargaining agreements that were not well analyzed without seeking the Commission's advice compounded the fiscal unsustainability of the wage bill. Consequently, placing a huge wage burden on the exchequer.

**Table 1: Status of Kenya's sustainability parameters**

Parameter	Current	Medium- to Long-term Target
<b>Wage Bill as a % of GDP</b>		
Total public sector wage bill	12.2	< 8.0
Civil service wage bill	7.8	< 6.5 – 5.0
<b>Africa (9.5%); Low Income Countries (7%); Middle Income Countries (8.5%).</b>		
<b>Recurrent Exp. as % of the Total Budget</b>		
Ratio of recurrent exp. to total budget	69.7	< 70.0
Ratio of development exp. to total budget	30.3	> 30.0
<b>Wage bill as % of Revenue</b>		
Ratio of wage bill to ordinary revenue	53.7	< 35
<b>Comparator: Africa (33.4%); LICs (26.8%); MICs (28.2%); HICs (25.9%)</b>		

(Source: National Treasury)



The Public Sector wage bill, as shown in Table 1, as at 30th June, 2013, was about 12%, which is higher than the internationally desirable level of not more than 7% and government target of not more than 8%. The Central Government wage bill as a share of GDP is estimated to be 7.8% compared to 6.5% for Africa which is also the government target while the Central Government wage bill took about 35% of Government total revenue and with a debt service of about 17.2% leaving less than 48% of the total revenue for other operations. The wage bill to revenue ratio was about 50% which is way above the desirable level of not more than 40%. It is important to note that in an effort to manage the wage bill and the recurrent expenditure, the Public Finance Management Act, 2012, provides that the Government should spend at least 30% of the total budget on development expenditure.

The total estimated public sector wage bill for financial year 2012/13 stood at KShs. 458.7 billion; or 30.2% of the country's total budget. It is important to note that in the 1990s when the Central Government wage bill as a percentage of GDP was at 9%, it was considered alarming and Public Service reform programmes, restructuring of Government and budgetary reforms had to be undertaken to reduce the percentage of the wage bill to GDP. When the Salaries and Remuneration Commission took office with expectations to harmonize and create equity in remuneration, the percentage of wage bill to GDP was about 12% yet organizations and positions are still being created. The management of the wage bill posed a great challenge to the Commission as it undertakes its mandate. To this end all public finance management stakeholders should work together towards ensuring that the wage bill comes down to within the targeted 8% of the country's GDP.

# CHAPTER THREE

## 3.0 ACHIEVEMENTS OF THE SALARIES AND REMUNERATION COMMISSION

### 3.1 REMUNERATION AND BENEFITS MANAGEMENT

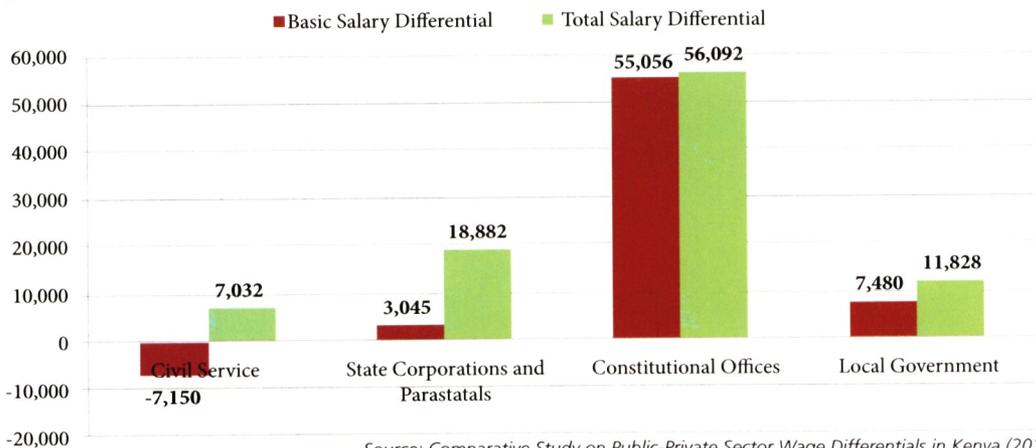
Efficiency and effectiveness in the public sector is a key input in achieving national development agenda. Currently the public sector is the largest employer and spends a large part of the Country's resources (over 50% of revenue) on remuneration and pension benefits for the public servants. A high public service wage bill reduces the resources that could otherwise be used in other development priorities. Currently, the wage bill as it stands is unsustainable and impacts negatively on the economic development. It is therefore, incumbent upon all Kenyans to ensure that there is the right mix between the high spending on public servants, and improved service delivery and productivity. Whereas having a capable, highly motivated and efficient public service workforce is in the interest of every Kenyan, the right principles and practices of pay determination must be employed in developing the remuneration systems, structures and levels to ensure that the government achieves its objectives within a sustainable budget.

#### 3.1.1 In-depth Analysis on Private Public Sector Wage Differentials

Following the operationalization of the Commission, it was apparent that the remuneration in the Public Service was unsustainable and not properly managed thus, reflecting distributive, procedural and social inequities, which could not be addressed overnight but required in-depth study and analysis to get to the root cause for appropriate remedial measures.

The Commission undertook a comparative study to determine wage levels in the Kenyan labour market specifically the public-private sector wage differentials. The study revealed that at the basic support staff level and at the highest ranking staff (policy level), the public service offers a total remuneration and benefits package that is attractive beyond what is offered in the private sector. The private sector however, rewards comparatively well for the middle technical and professional cadres. Figure 4 demonstrates the findings.

**Figure 4: Basic and gross wage gaps between private and public sector (Kshs)**



Source: Comparative Study on Public-Private Sector Wage Differentials in Kenya (2012)



### **3.1.2 Job Evaluation Exercise**

The analysis of the findings of the comparative study on public-private sector wage differentials in Kenya brought out clearly the disparities not only between the Public Sector and the Private Sector but also within the Public Sector. The disparities and inequities in remuneration and benefits inherent in the Public Service were also reflected in the existing State officer's positions. The study also brought out the essence of basing the remuneration determination and review on sound principles for purposes of ensuring objectivity, equity, competitiveness and affordability based on the resource capacity of the Country. To ensure that the inequities and disparities were not carried over to the new State officer positions created by the Constitution, SRC undertook a comprehensive job evaluation for State officers with a view to determining the job worth of the positions for subsequent remuneration setting. The job evaluation undertaken by the Commission was the first of its kind in Kenya public service and the aim was to ensure that the remuneration determined thereafter, is credible, objective, defensible and therefore, acceptable.

The job evaluation compared the relative worth of the State offices bringing out the internal relativities and comparable factors in terms of input, process and output. It assessed the levels of competency required to carry out the job under several factors but putting more emphasis on the problem solving, communication, decision making process, accountability, influence, financial and general impact of the respective State offices. The resultant output of the Job Evaluation was Job Grading Structure that was later used to attach monetary values to the jobs

### **3.1.3 International Remuneration Comparative Analysis**

To ensure that Kenya retain its competitiveness, the Salaries and Remuneration Commission with technical assistance of World Bank undertook a study on international practices in remuneration determination for State officers. The objective of the study was to establish: remuneration practices; remuneration levels and structures; internal and external relativities and comparison of benchmark positions relative to per capita GDP of respective countries. The study examined a sample of nine countries. The countries included advanced industrialized economies namely: United States of America, United Kingdom, Australia and Canada and comparator African countries namely: Ghana, Rwanda, Tanzania, South Africa and Uganda.

The study revealed that Kenya is an outlier remunerating its top State office holders hundreds of times more than its per capita GDP. For example, the President was paid 362 times the multiple of per capita GDP compared to South Africa where the President is remunerated at about 50 times of per capita GDP. Rwanda was the only country nearer to Kenya where the President was paid 170 times and the Vice President 106 times the multiple of per capita GDP. Among the advanced countries, in the USA, UK and Canada, the remuneration for Head of Government is less than 9 times the multiple of per capita GDP. All State offices positions in Kenya were paid better than those in South Africa. The ratio of the wage bill to revenue in Kenya was the highest at 53.7% (2011/2012) compared to what was average standard for Sub-Saharan Africa which was between 30% and 35%. The conclusion drawn from the study was that Kenya was spending more of its revenue on wage bill; thus, reducing the resources available for development and operations and maintenance.



### 3.1.4 Setting and Harmonization of Remuneration

**State officers:** The Commission used the result from the Job Evaluation Exercise and the analysis from the International Remuneration Survey, to set remuneration and benefits levels for State officers. Appropriate remuneration and benefits levels were therefore, determined after a comprehensive comparative analysis with other world economies, East African countries and the economic simulation of the Kenyan macroeconomic situation. This was for purposes of determining sustainability. The proposals were subjected to public consultations as required by the Constitution. The proposals were thereafter reviewed taking into account views from the public and the relevant stakeholders. The final remuneration structure was gazetted on 1st of March, 2013.



The set remuneration levels were also communicated to the respective Accounting Officers, National Treasury, Controller of Budget and Auditor General. The remuneration levels set by the Commission for State officers are shown in Table 2.

**Table 2: Remuneration Structure for State Officers as set and gazetted**

Levels	Grading System	Total Score	Index	No. of State Officers	Set Remuneration Levels	
					Min. Gross pay	Max. Gross Pay
G	310-319	316	<b>1.000</b>	1	<b>1,237,500</b>	<b>1,650,000</b>
F5	290-299	297	<b>0.850</b>	1	<b>1,051,875</b>	<b>1,402,500</b>
F4	280-289	285	<b>0.800</b>	3	<b>990,000</b>	<b>1,320,000</b>
F2a	260-269	264	<b>0.748</b>	1	<b>821,333</b>	<b>1,233,535</b>
F2b	260-269	266	<b>0.640</b>	36	<b>792,000</b>	<b>1,056,000</b>
F1a	250-259	259	<b>0.530</b>	58	<b>655,875</b>	<b>874,500</b>
F1b	250-259	256	<b>0.518</b>	78	<b>640,681</b>	<b>854,241</b>
E5a	240-249	248	<b>0.430</b>	615	<b>532,500</b>	<b>710,000</b>
E5b	240-249	245	<b>0.425</b>	5	<b>526,081</b>	<b>701,441</b>
E4	230-239	232	<b>0.400</b>	47	<b>495,000</b>	<b>660,000</b>
E3	220-229	229	<b>0.425</b>	32	<b>445,500</b>	<b>701,441</b>
E2a	210-219	224	<b>0.291</b>	50	<b>334,125</b>	<b>480,000</b>
E2b	210-219	218	<b>0.218</b>	82	<b>225,000</b>	<b>360,000</b>
E1	200-209	208	<b>0.182</b>	517	<b>225,000</b>	<b>300,000</b>
D5	190-199	194	<b>0.182</b>	77	<b>180,000</b>	<b>300,000</b>
D4a	190-199	188	<b>0.115</b>	198	<b>123,750</b>	<b>190,000</b>
D4b	180-189	184	<b>0.064</b>	2,165	<b>79,200</b>	<b>105,600</b>
<b>TOTALS</b>				<b>3,966</b>		

The corresponding levels of State Offices in the remuneration structure obtained out of the job evaluation exercise are juxtaposed against the remuneration levels determined as follows:

#### Levels State offices in the category

G President of the Republic of Kenya

F5 Deputy President of the Republic of Kenya



F4	Speaker, Senate and National Assembly and the Chief Justice
F2a	Deputy Chief Justice
F2b	Dep. Speakers of Senate and National Assembly, AG, Cabinet Secretary, Secretary to the Cabinet, Auditor General, Chairs of IEBC and CIC, Chief of Defence Forces, Judges of the Supreme Court
F1a	Principal Secretary, DG-NIS, IG-NPS, Controller of Budget,
F1b	Governor, Chairs of full time independent commissions, DPP, CKA, CKN
E5a	Senators, MPs, Registrar of Political Parties, Dep. Inspector General of Police, Members of Independent Constitutional Commissions (Excludes commissioners who serve commissions on part-time basis)
E5b	Secretaries of Independent Constitutional Commissions
E4	Deputy Governor
E3	Chief Magistrate
E2a	Senior Principal Residence
E2b	Principal Residence
E1	Speaker of the County Assembly/County Executive Member
D5	Senior Resident Magistrate
D4a	Resident Magistrate
D4b	Member of County Assembly

The full list of the State Officers in the various Arms of Government namely: Executive, Legislature, Judiciary, Constitutional Commissions, Independent Offices and County government and the remuneration and benefits attached to the positions is attached as **Annex 1 (Tables 1 – 5)**.

### 3.1.5 Impact of the Set Remuneration and Benefits for State Officers

The set remuneration package for the state officers who comprise 3% of the total public service had the following impact:

#### 1. Reduction of Compression Ratio

The set remuneration structure reduced the compression ratio (the ratio between the highest paid and the lowest paid) within the State Offices positions by more than 50% from the previous 33.4 to 15.6, thus, significantly reducing the vertical disparity.

#### 2. Capping of Allowances

The set remuneration package for all State Officers consolidated the pay. The Commission adopted the consolidated package approach as a means to control proliferation of allowances which is a major cause of disparity and uncontrolled increase to the wage bill. For purposes of pensions management and computation, 60% of the set gross remuneration forms the basic salary while all other allowances unless specified are consolidated into the 40% of the total set gross remuneration.

### 3.1.6 Advice on Remuneration for Other Public Officers

The Commission came to office and inherited a public service which was characterized by serious vertical and horizontal disparities and inequities which had accumulated over a period of time.

To address the remuneration disparities the Commission commenced its operations by analyzing the collective bargaining agreements and Government remuneration commitments that had not been addressed and advised that the same be addressed to mitigate the industrial unrests. On the advice to the national and county governments on remuneration and benefits for other public officers the Commission achieved the following:

- (i) Institutionalized the use of realigned Civil Service remuneration structure as a benchmark for remuneration reviews.
- (ii) Reviewed the remuneration structure of public service organizations that pay comparatively low remuneration within the category/sector for attraction and retention.
- (iii) Developed remuneration and benefits regulations for managing remuneration advice.
- (iv) Removed provision of salaries personal-to-self
- (v) Stagnated remuneration for high paying state corporations
- (vi) Froze remuneration reviews for staff of Commissions
- (vii) Advised on management of Collective Bargaining Agreements (CBAs) implementations for purposes of managing sustainability of the total compensation bill
- (viii) Advised on the review of the pay package for low paying state corporations below the benchmark levels.

### **3.1.7 Harmonizing and Restoring Equity in Remuneration Cycle**

The public sector had different review cycles. The Commission issued a Circular to the Service to harmonize the review cycle from the previous period of between 2 to 5 years or as determined by the executive to a cycle of 4 years to allow economy to grow in addition to stopping endless agitation for pay reviews.

### **3.1.8 Development of Database for Analysis and Review/Determination of Remuneration Levels**

The Commission has created a depository/database for public sector remuneration which is available to the public.

## **3.2 POLICY AND LEGAL FRAMEWORK**

The Commission through engagement of Industrial Courts has been able to manage collective bargaining agreements to reduce industrial unrest. Subsequently, the Commission advised on Collective Bargaining Agreements presented to the Court for registration. This has gone a long way to create order in the whole process of trade union led salary demand process. The Commission has also been able to constructively engage the Unions. In 2012/13 therefore, the Commission was able to advise the public institutions and relevant unions in arriving at Collective Bargaining Agreements which were in compliance with the law and sought to maintain sustainability of the total public compensation bill as well as averted industrial action. In addition, the Commission participated in legal proceedings, mostly constitutional petitions to defend its constitutional and statutory mandate and the performance thereof. The Commission defended 3 cases during this period. The Commission also issued



guidelines on remunerations setting and advises to the Service.

### 3.3 STAKEHOLDERS ENGAGEMENT AND PUBLIC PARTICIPATION

#### 3.3.1 Public Participation

The Commission prioritized stakeholders' engagement strategies, public relations and constant consultations with members of the public. This was in the fulfilment of the Constitutional requirements of transparency and accountability. It was further in recognition of the provision of public participation as the only way to engage the public in making decision.



During the period under review, the Commission therefore, engaged with different stakeholders and the public to ensure that there was adequate public participation and stakeholder consultations in the setting, review and advising on the remuneration. A number of stakeholder meetings were held at the Commission's Boardroom to receive submissions, clarify decisions or implementation processes. A number of workshops were also held to address the concerns raised by the stakeholders and enhance understanding of the Commission's mandate. Through public hearings conducted at the county levels, the Commission also solicited stakeholders' and public opinion not only on issues of remuneration and benefits but also on its corporate image.

#### 3.3.2 Dissemination of information to the public

As the Commission undertook its mandate, it realized that a number of institutions including the public, did not quite understand its role nor what was required to resolve the deeply embedded inequities and disparities in the Public Service remuneration. There were expectations for quick fixes without the understanding of financial implications and the unsustainable status of the wage bill. As part of its strategy of public education and to ensure meaningful stakeholders and public involvement, the Commission undertook to sensitize both the Stakeholders and the citizenry through several Television and Radio talk shows including infomercials in various major media houses (Citizen TV, KBC, NTV, KTN, K24, KISS TV, Radio Maisha, KISS FM, Royal Media FM vernacular stations, the Radio Jambo FM, Classique FM and Radio Afric and FM Vernacular stations).

The Commission also issued various advisories and engaged in interviews, press briefs and statements with the major daily newspapers to:

- (i) Enhance awareness about the Commission, its mandate and functions;
- (ii) Educate and address the concerns over job evaluation exercise;
- (iii) Inform on the state of the wage bill;
- (iv) Communicate Commission's position on remuneration setting and wage bill sustainability; and
- (v) Clarify the object of remuneration setting and advice: and
- (vi) Clarify the policies and principles that were being applied in the process.

### 3.4 PUBLISHING AND PUBLICISING

The following reports were published and publicized by the Commission.

- (i) Public-Private Sector Wage Differentials in Kenya, February, 2013.
- (ii) Remuneration of State Officers in the Government of Kenya: An International Perspective, February, 2013.
- (iii) Report of Public Participation on Proposed Grading and Remuneration. February, 2013.
- (iv) Job Evaluation for State Offices: Grading structure, February, 2013.
- (v) Job Evaluation for State Offices: Consolidated Report.
- (vi) Remuneration Structure for State Officers (Gazette Notice), March, 2013.



## CHAPTER FOUR

### 4.0 INSTITUTIONAL OPERATIONALIZATION

As of 30th June, 2013, all Members of the Commission had been appointed as provided in the Constitution and the Salaries and Remuneration Commission Act, 2011, except the nominee from the National Police Service Commission whose case is still under process by the relevant Authorities. In carrying out its Constitutional mandate and functions as is stipulated in the Constitution and the Salaries and Remuneration Commission Act, 2011, the Commission adopted an organization structure that addressed the key thematic areas of its core mandate. The Commission remained the apex policy and decision making body while the Secretariat was structured into three Directorates namely: Remuneration Analysis; Research, Compliance, Policy and Planning; and Corporate Services.

#### 4.1 DEVELOPMENT OF COMMISSION CORPORATE IDENTITY

The Commission inherited the offices of the defunct Permanent Public Service Remuneration Review Board which it appropriately labeled following its operationalization. As part of development of a corporate identity and branding of the Salaries and Remuneration Commission, it acquired a postal address, identified its corporate colour scheme and designed a logo which was unveiled and launched in February, 2013 having observed the due diligence. Subsequently, the Commission developed a Corporate Brand Identity Manual. The Commission also acquired an e-mail address ([src@kenya.go.ke](mailto:src@kenya.go.ke)) and developed a website ([www.src.co.ke](http://www.src.co.ke)).



#### 4.2 STAFFING OF THE COMMISSION

The Commission structured the Directorates and determined the staff establishment. A total of 84 positions were created and the Commission planned for a phased recruitment, owing to technical nature of the skills required and the availability in the market. A total of 11 positions were temporarily filled through deployment of staff from the larger Public Service to help operationalize the Commission. A total of 38 staff were recruited through a competitive process. The recruitment of staff for the period under review was completed as planned. The recruitment for the remaining positions will be undertaken in the Financial Year 2013/2014.

#### 4.3 CAPACITY BUILDING

Ensuring attraction and retention, fairness and transparency, while at the same time recognizing productivity in wage determination is quite challenging. Consequently, there was need for capacity building for the Members of the Commission and the



staff to appreciate wide perspective of the remuneration setting, reviewing, advising and management.

This saw the Commission embrace continuous learning and experience sharing on the best practice in remuneration and benefits management in the Public Service. This was done through formal training and by way of hosting delegations from countries with best practice and also benchmark studies to countries and institutions with best practice. International training was conducted for three members of staff while 20 members of staff were trained locally. Corporate governance training was also held for Members of the Commission and senior management staff.

The Commission received delegation from Ghana's Fair Wages and Salaries Commission who shared their experiences and lessons learnt from Ghana's process of job evaluation and remuneration and benefits setting. The Commission also visited for benchmarking, a number of remuneration institutions in the United States of America (USA) which included: Washington Citizen's Commission on Salaries of Elected Officials (WCCSEO); International Civil Service Commission (ICSC); and Department of Personnel Management of the Federal Government (DPMFG). The experience drawn from these interactions has enriched the Commission's decision making capacity.



#### **4.4 OPERATIONAL POLICIES, PROCEDURES, MANUALS AND DOCUMENTS**

During the period under review, the Commission developed the following document/manuals for its internal operation:-

- (i) The Strategic Plan 2013/2018;
- (ii) Service Charter 2013/2018;
- (iii) Financial Policy & Procedures Manual;
- (iv) Audit Operations Manual and Audit Charter; and
- (v) Procurement Manual.

The commission also embarked on the development of Human Resource Management Policy and manual

#### **4.5 OFFICE ACCOMMODATION AND FACILITIES**

The Commission completed the partitioning of the acquired office space at Williamson building in compliance with the Government's open plan policy. The Commission furnished and moved to the new premises in February, 2013. Part of the Commission's staff operating the Integrated Financial Management Information System (IFMIS) however, are yet to move to the Building due to incomplete works on the local area network and the IFMIS.

#### **4.6 CORPORATE GOVERNANCE SYSTEMS AUDIT REVIEW**

Departmental audit/reviews of procurement and Finance department were carried out during the year. Audit reports were generated and forwarded for review and implementation of recommendations. Review of the Commissions Internal Controls was also undertaken with specific focus on the accuracy, relevance and completeness of committal documents as well as the Cash Book review.



# CHAPTER FIVE

## 5.0 CHALLENGES, RECOMMENDATIONS AND WAY FORWARD

### 5.1 CHALLENGES EXPERIENCED BY THE COMMISSION

The Salaries and Remuneration Commission having been in existence for one and a half years, has made strides in addressing a number of challenges that it inherited on taking office. Some of the challenges it has been faced with however, are still outstanding and will require concerted effort to address:

#### 5.1.1 Wage-bill Sustainability viz a viz attraction and retention

Maintaining a balance between the constitutional principles of ensuring sustainability of the total public compensation and attraction and retention of the requisite skills in the public service remains a challenge. Further, issues of equity and fairness against an already unaffordable wage-bill are pressing yet they are issues that cannot be addressed overnight and must be consistently and persistently be addressed.

#### 5.1.2 Disparities caused by clamors for high pay and Industrial unrest: need for culture change

Continuous clamors for high pay by the leadership cadre continue to set bad precedence which fuels industrial unrest. Consequently, addressing the disparities that cause the feeling of unfairness in the face of unsustainable wage bill is a big challenge. This is compounded by the little appreciation of the difficult economic times from the public servants which leads to constant pressure by public servants and thus, trade unions resulting in threats or frequent industrial disputes/unrest.

The challenge of changing of the mind sets that the Public Service is a 'service' organization where remuneration of essence must reflect the job worth and service is real and need to be addressed as a matter of urgency. Similarly the mindset that creation of an entity to undertake specific assignments for Government as a license to high pay is prominent and need to be addressed to reduce the wage disparities across different sub-sectors of the Public Service, and especially in State corporations.

#### 5.1.3 Proliferation of allowances

Proliferation of allowances and other benefits which is still being used to increase compensation reduces the rationality and transparency of the remuneration system. The situation promotes agitation as it has little direct relationship to job performance and productivity. This impacts negatively on the perception of the job worth, employees' pension benefits which are computed on the basis of the basic salary and not total monetary compensation and the wage bill.



### **5.1.4 Inadequate compliance**

Compliance challenges are still reflected in some government institutions and agencies who fail to fully implement the decisions and advice of the Commission. This undermines the management of the wage bill, fairness, equity and harmonization. There are also some Public Service organizations that still attempt to carry out parallel remuneration review in spite of the Constitutional provision especially after the letter by the Attorney General communicated opinion on the mandate of SRC on State Corporations.

### **5.1.5 Expansion of the Public Service sector**

Expansion of the public service in terms of creation of new organizations and recruitment of additional staff defeats the efforts made in addressing wage bill sustainability and payment of adequate remuneration, as staff numbers have negative effect on the levels of remuneration and benefits payable.

### **5.1.6 National Policy Framework**

Implementation of legislations and policies that are not aligned to the Constitution resulting into conflict in remuneration setting and advice.

## **5.2 RECOMMENDATION AND WAY FORWARD**

The Commission recommends the actions described hereafter to achieve its mandate and improve on service delivery.

### **5.2.1 Remunerations and Benefits Policy for the Public Service**

For SRC to succeed in execution of its mandate, it needs a strong policy framework backed by the law. It is on this understanding that the Commission plans to develop a public service remuneration and benefits policy. This will provide a frame work for strengthening remuneration and benefits management in the public Service.

### **5.2.2 Sustainability of the public compensation bill**

The Public Service compensation bill is a function of staff numbers and the amount of money they earn. Whereas the Commission is mandated to set and advise on the remuneration and benefits levels, other public bodies are responsible for determining the optimum number of officers. A number of public service organizations were therefore, created and various positions established in both the national and county governments during the period without the participation of the Commission. This had an adverse impact on the wage bill.

As the Commission moves to harmonize the remuneration in the Public Service, the Government:

- (i) Need to rationalize the central and devolved functions so as to avoid duplication

- and subsequently, higher wage bill;
- (ii) Need to have future employment process coordinated to make sure that human resources are effectively allocated to areas where they are most competent and needed to produce optimally while being tentative to impact on the wage bill; and
- (iii) Need to charge public service bodies with responsibilities impacting on wage bill to work together if the Government has to reduce the high compensation bill and maintain it at sustainable levels.

The Commission therefore, plans to host an international public compensation bill sustainability conference to openly discuss this issue and sensitise the public on the same. The Commission also plans to carry out sectoral exercises that will determine job worth in the Service to ensure equal pay for work of equal value and address the unjustified disparities.

### **5.2.3 Compliance Framework**

The Commission recognizes the need for a compliance monitoring so as to ensure set remunerations, guidelines and advice are adhered to by the affected institutions. The Commission plans to institute measures aimed at enhancing compliance so as to ensure effective discharge of its mandate. Further, it also plans to involve for purposes of ensuring compliance:

- (i) All relevant government departments charged with the financial oversight responsibilities to strictly carry out their mandates in relation to wage bill sustainability; and
- (ii) All accounting officers to take personal responsibilities on non-compliance and containing and managing the wage bill.

The Commission also plans to mainstream reporting of non-compliance by developing a mandatory reporting system integrating the process that is already recognized in law.



## CHAPTER SIX

### 6.0 FINANCIAL REPORT AND STATEMENTS FOR THE YEAR ENDED 30th JUNE, 2013

#### STATEMENT OF CORPORATE GOVERNANCE

Besides the objects and authority in the Constitution of Kenya, 2010 under Article 249, The Commission is also accountable at all times to the public and all the stakeholders for ensuring that the Commission complies with the highest standards of corporate governance and operation ethics.

The Commission has embraced corporate governance through creation of the right corporate culture and values. The Commission exercises the most reasonable care to ensure that the management of the Commission is carried out in the best interest of the government and the public at large. The overall management of the Commission is the responsibility of the Members who are appointed by the President following approval by Parliament. The Members of the Commission and 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, 2010 and all related laws and regulations.

#### STATEMENT OF THE COMMISSION'S RESPONSIBILITY

The Salaries and Remuneration Commission Act, 2011 requires that Salaries and Remuneration Commission (SRC) prepares financial statements for each financial year which shows a true and fair view of the state of affairs of the Commission for the year and of the operating results for the year.

The Commission is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Commission. It's also responsible for safeguarding the assets of the Commission. The Commission is also responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and the manner required by the SRC Act, and the Constitution of Kenya, and for such internal control as Commission determines is necessary, to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

The Commission accepts the responsibility of the Annual Financial Statements which should be prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates in conformity with International Financial Reporting Standards and the requirements of SRC Act and the Constitution.

The Commission is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Commission and of its surplus. The Commission further accepts responsibility for maintenance of accounting records which may be relied upon to in the preparation of the financial statements, as well as adequate systems of internal control.



Nothing has come to the attention of the Commission to indicate that the Commission will not remain a going concern for at least 12 months from the date of these statements



**Sarah J. Serem (Mrs.) EBS.,**  
CHAIRPERSON

Date: 03/12/2013



**G. A. Otieno (Mrs.) MBS.,**  
CHIEF EXECUTIVE OFFICER

Date: 03/12/2013



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## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON SALARIES AND REMUNERATION COMMISSION FOR THE YEAR ENDED 30 JUNE 2013

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Salaries and Remuneration Commission set out on pages 10 to 21, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in revenue reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. 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.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 20 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

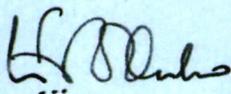
My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Salaries and Remuneration Commission Act, 2011.



**Edward R.O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**11 December 2013**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2013**

<b>ASSETS</b>	<b>Note</b>	<b>2012/2013 Kshs</b>
<b>NON CURRENT ASSETS</b>		
Property Plant & Equipment	7	77,762,768
Intangible Assets	7(a)	<u>852,057</u>
<b>Total Non-Current Assets</b>		<b><u>78,614,825</u></b>
<b>CURRENT ASSETS</b>		
Trade and other Receivables	8	5,895,766
Cash & Bank balances	9	<u>176,722,748</u>
<b>Total Current Assets</b>		<b><u>182,618,514</u></b>
<b>TOTAL ASSETS</b>		<b><u>261,233,339</u></b>
<b>ACCUMULATED FUND</b>		
Revenue Reserves		<u>251,620,114</u>
<b>Total accumulated funds</b>		<b><u>251,620,114</u></b>
<b>CURRENT LIABILITIES</b>		
Trade and other Payables	10	<u>9,613,225</u>
<b>Total Current Liabilities</b>		<b><u>9,613,225</u></b>
<b>TOTAL FUNDS &amp; LIABILITIES</b>		<b><u>261,233,339</u></b>

**Sarah J. Serem (Mrs.) EBS.,**  
CHAIRPERSON

Date: 03/12/2013

**G. A. Otieno (Mrs.) MBS.,**  
CHIEF EXECUTIVE OFFICER

Date: 03/12/2013

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE, 2013

<b>INCOME</b>	<b>Note</b>	<b>2012/2013 Kshs</b>
Government Grants	3(a)	516,000,000
Other Income	3(b)	675,240
<b>Total</b>		<b><u>516,675,240</u></b>
<b>EXPENDITURE</b>		
Staff Emoluments	4	76,086,721
Operating Expenses	5	134,432,358
Commissioners Expenses	6	48,752,829
Depreciation Expenses	7(b)	5,283,218
Audit Fees		500,000
<b>Total Expenditure</b>		<b><u>265,055,126</u></b>
<b>Net Surplus/Deficit</b>		<b><u><u>251,620,114</u></u></b>

## STATEMENT OF CHANGES IN REVENUE RESERVES FOR THE YEAR ENDED 30 JUNE 2013

	<b>2012/2013 Kshs</b>
As At 1st July 2012	-
Surplus for the year	251,620,114
<b>As at 30th June 2013</b>	<b><u><u>251,620,114</u></u></b>



## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE, 2013

	Note	2012/2013 Kshs
<b>Cash flow from Operating Activities</b>		
Surplus for the period		251,620,114
Adjust for - Depreciation	7(b)	<u>5,283,218</u>
		<b>256,903,332</b>
<b>Working Capital Changes</b>		
Increase in Receivables		(5,895,766)
Increase in Payables		<u>9,613,225</u>
		<b>260,620,791</b>
<b>Investing Activities</b>		
Acquisition of Property, Plant & Equipment	7	(83,021,666)
Acquisition of Intangible Assets	7(a)	<u>(876,377)</u>
Net Cash used in Investing Activities		<b><u>(83,898,043)</u></b>
<b>Financing Activities</b>		
		<b>176,722,748</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalent</b>		<b>176,722,748</b>
<b>Cash &amp; Cash Equivalents as at 1.07.2012</b>		<u>-</u>
<b>Total Cash &amp; Cash equivalents as at 30 .06.2013</b>	<b>9</b>	<b><u>176,722,748</u></b>



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

## 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:-

### a) Basis of preparation

The Financial Statements are prepared in compliance with International Financial Reporting Standards (IFRS). They are presented in functional currency, KShs. (Ksh) and are prepared in accordance with the measurement prescribed by IFRSs and on historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Commission's policies

### b) Revenue Recognition

Revenue is recognized upon receipt of cash for all sources

### c) Fixed Assets

Property, plant and equipment are stated at acquisition costs less depreciation and impairment losses.

### d) Work in Progress

Work in progress constitutes the Office partition exercise that commenced in the current year and was in progress by the close of the financial year. The details are as follows

Total contract amount	46,479,024
Amount certified and paid	(37,291,495)
Outstanding Works	<u>9,187,529</u>

### e) Depreciation

Depreciation is calculated on a straight line basis over the expected useful life of the asset. Where an asset is acquired during the year, depreciation is applied on a prorata basis over the number of days to the end of the financial year of purchase.

### f) Asset

	Depreciation Rate (%)
Plant and Machinery	12.5
Motor Vehicles	25.0
Furniture, Fittings	12.5
Computers Hardware & Software	33.3
Office Equipment	33.3



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

### **g) Computer Software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives.

### **h) Current liabilities**

Current liabilities are those to be settled within the Commission's normal operating cycle or due within twelve months or those held for trading or those which the Commission does not have unconditional right to defer payment beyond 12 months.

### **i) Provisions**

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 will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **j) Retirement benefit costs**

The Commission runs a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the commission at 20% and employees at 10% of basic salary. During the year, the scheme was managed by Jubilee Insurance. The CEO and the Deputy CEO are on gratuity at 31% of their basic salary payable at the end of their contract period. The amount has been accrued in the financial Statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

The Commission and its employees also contribute to the National Social Security Fund, a statutory defined contribution pension scheme.

The Commission's contributions in respect of retirement benefit costs are charged to the profit and loss in the year to which they relate.

### **k) Provision for staff leaves pay**

The monetary value of the unutilized annual leave by staff at year end is carried in the accruals as a payable and the movement in the year is debited/ credited to the statement of comprehensive income.

### **l) Exchequer Releases**

The Exchequer releases have been recognized under the Income Approach (IAS 20) in which they have been treated as income and dealt with in the statement of comprehensive income.

### **m) Reporting currency**

The Financial Statements are presented in KShs., which is the Commission's functional and reporting currency. Foreign transactions during the year are converted into KShs. at rates ruling at the transaction dates. Assets and liabilities at the reporting date, which are expressed in foreign currencies, are translated into KShs. at rates ruling at that date. The resulting differences from conversion and translation of foreign currencies are dealt with in the Statement of comprehensive income foreign Currency Translation Reserve.

SRC does not have any foreign operations.

### **n) Operation Period**

Salaries and Remuneration Commission was established by the Constitution of Kenya 2010, under Article 230 and enacted by the parliament through Salaries and Remuneration Act in July 2011. The members of the Commission were appointed on the 16th of December 2012. The Commission operated under the Ministry of State for Public Service until 30th June 2012. It became fully operational from July 1, 2012. As such, this being the 1st year of operations, there were no comparative figure.

## **2. Statement of Compliance**

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and interpretation of those standards.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

### 3 (a) GOK Grants

The Commission relies on exchequer grants to fund its operations. The funds are received as itemized budget line upon request by the commission.

	<b>Date</b>	<b>2012/2013 Kshs</b>
1st Quarter	24/08/2012	169,000,000
3rd Quarter	20/03/2013	347,000,000
		<hr/>
Total Government Grant		<b>516,000,000</b>
		<hr/>
<b>(b) Other Incomes</b>		<b>Kshs</b>
Sale of Tender		661,000
Commission on check off		14,240
		<hr/>
<b>TOTAL</b>		<b>675,240</b>
		<hr/>

### 4. Personnel Emoluments

	<b>Kshs</b>
Basic Salaries	38,725,149
House Allowance	9,405,131
Responsibility Allowance	103,500
Entertainment Allowance	1,305,000
Commuter Allowance	3,411,263
Extraneous Allowances	4,682,938
Domestic servant	280,800
Leave Travel Allowance	675,000
Salary Arrears	5,925,110
Pension	3,925,962
Top up salary for seconded staff	4,444,005
Gratuity	3,202,863
	<hr/>
<b>Total</b>	<b>76,086,721</b>
	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

5. Operating Expenses	2012/2013 Kshs
Catering services	1,832,947
Security services	732,000
Vehicle expenses	3,316,419
Bank Service Charges	100
Dues and subscriptions	531,860
Insurance Expenses	1,423,605
Meals and Entertainment	2,756,015
Cleaning Expenses	1,087,103
Office Stationery	3,700,282
Office supplies	442,010
Postage and delivery	284,870
Printing and reproduction	5,184,122
Repairs and Maintenance	512,307
Telephone	4,396,459
Utilities	10,400
Other Staff Costs	13,560,147
Computer Expenses	640,644
Conference and Seminar facilities	9,729,891
Training Expenses	5,300,507
Foreign Traveling	4,208,141
Local Traveling	2,933,025
Advertising and promotion	34,496,399
Professional fees	12,400,146
Rent and Rates	24,952,960
<b>TOTAL</b>	<b><u>134,432,358</u></b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

### 6. Commissioners Expenses

	<b>Kshs</b>
Sitting Allowances	36,370,000
Commuter Allowance	2,640,000
Meal Allowance	342,000
Mobile phone Allowances	1,591,296
Subsistence Allowance	3,301,874
Travel Expenses	4,507,659
<b>Total</b>	<b><u>48,752,829</u></b>

### 7. Property plant and Equipment

Cost/Valuation	Furniture & Fittings Ksh	Office Equip Ksh	Motor Vehicles Ksh	Computer Equip Ksh	WIP Ksh	Total Ksh
<b>Balance as at 1 July 2012</b>	-	-	-	-	-	-
Additions	17,305,135	6,005,650	22,419,385	-	37,291,496	<b>83,021,666</b>
Disposals	-	-	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b><u>17,305,135</u></b>	<b><u>6,005,650</u></b>	<b><u>22,419,385</u></b>	<b><u>-</u></b>	<b><u>37,291,496</u></b>	<b><u>83,021,666</u></b>
<b>Depreciation</b>						
<b>Accum dep as at 1 July, 2012</b>	-	-	-	-	-	-
Charge for the period	721,047	334,216	4,203,635	-	-	5,258,898
Disposals	-	-	-	-	-	-
<b>Accum Depr as at 30 June 2013</b>	<b><u>721,047</u></b>	<b><u>334,216</u></b>	<b><u>4,203,635</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,258,898</u></b>
<b>NBV as at 30 June 2013</b>	<b><u>16,584,088</u></b>	<b><u>5,671,434</u></b>	<b><u>18,215,750</u></b>	<b><u>-</u></b>	<b><u>37,291,496</u></b>	<b><u>77,762,768</u></b>

### 7a) Intangible Assets

	<b>2012/2013 Kshs</b>
Cost/Valuation	876,377
Amortization	(24,320)
<b>Net book Value as at 30 June, 2013</b>	<b><u>852,057</u></b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013**

	<b>2012/2013</b>
	<b>Kshs</b>
<b>7b) Depreciation Expense</b>	
Property Plant and Equipment	5,258,898
Amortization on Intangible Asset	24,320
	<hr/>
<b>TOTAL</b>	<b>5,283,218</b>
	<hr/>

**8. Trade and other Receivables**

Staff Debtors/Advances	502,324
Prepayments	5,353,442
Deposit	40,000
	<hr/>
<b>TOTAL</b>	<b>5,895,766</b>
	<hr/>

**9. Cash and Bank Balances**

Central Bank Current Account	175,448,028
Cash at hand	1,274,720
	<hr/>
<b>Total</b>	<b>176,722,748</b>
	<hr/>

**10. Trade and other Payables**

Trade Creditors	301,817
Retention costs	2,323,952
Provisions and accruals	6,987,456
	<hr/>
<b>Total</b>	<b>9,613,225</b>
	<hr/>

**11. Employees**

The total number of staff in the Commission on permanent basis as at 30th June was 40

**12. Revaluation Reserves**

No reserves were revalued during the year.

**13. Related Party Transactions**

The Commission did not have any related party transactions during the year.

**14. Tax Status**

The Commission is a Government agency, fully funded by the Government and is therefore tax exempt.



## ANNEX 1

### REMUNERATION AND BENEFITS STRUCTURES SET FOR STATE OFFICERS

**Table 3: Remuneration and Benefits of all State Officers in Parliament**

State Officer	Gross Monthly Remuneration Package (KShs. )					
	Minimum			Maximum		
	Basic (60%)	Allowances (40%)	Total	Basic (60%)	Allowances (40%)	Total
Speaker of the National Assembly Speaker of the Senate	594,000	396,000	<b>990,000</b>	792,000	528,000	<b>1,320,000</b>
Deputy Speaker of the National Assembly Deputy Speaker of the Senate	475,200	316,800	<b>792,000</b>	633,600	422,400	<b>1,056,000</b>
Leader of Majority Party Leader of the Minority Party Chairpersons of Committees Members of Speakers Panel Chief Whips Minority Whips Member of the National Assembly Member of the Senate	319,500	213,000	<b>532,500</b>	426,000	284,000	<b>710,000</b>

*Source: Salaries and Remuneration Commission*

#### Other benefits include:

##### (a) Special Parliamentary Duty Allowance

Members of Parliament who have additional responsibilities as provided by law and/or Standing Orders shall be paid an additional allowance as may be apportioned by the Parliamentary Service Commission up to a maximum of Kshs.150,000 per month.

##### (b) Mileage Allowance

The mileage allowance and claim is to be calculated based on AA rates and distance to the Members home. The allowance is payable in two components namely:

- i) Car maintenance allowance: To be paid at the rate of Kshs.356,525 per month(capped at AA rate of kshs.109.8x750kmx52 weeks)/12;
- ii) Mileage allowance: this is claimable allowance for State Officers who travel beyond the 750 kilometers stated above and shall be paid at applicable AA rates.

##### (c) Committee/Session Sitting Allowances

Members of Parliament shall be entitled to Sitting Allowance which should be paid in accordance with the Standing Orders or resolution of the Houses of Parliament at the following rates:

- i) **Chairperson:** A member of Parliament with additional responsibility as a chairperson while chairing a meeting shall be entitled to a sitting allowance of KShs. 15,000 per sitting;



- ii) **Vice-Chairperson:** A member of Parliament with additional responsibility as a Vice-chairperson while sitting in a meeting shall be entitled to a sitting allowance of KShs. 12,000 per sitting;
- iii) **Member:** All members of Parliament shall be entitled to a sitting allowance of KShs. 7,500 per sitting in a meeting/session as a Member.

**The following benefits shall apply to Parliamentary State Officers:**

- (i) **Accommodation and Subsistence Allowances:-** to be paid at existing rates pending review by the Salaries and Remuneration Commission.
- (ii) **Security:-** To be provided as advised by the Inspector General, National Police Service.
- (iii) **Mileage Allowance:-** shall be paid to Members of Parliament per week of travel(s) up to a maximum of 52 weeks in one calendar year for the journeys between Nairobi and their Constituencies at AA rates or as reviewed by the Salaries and Remuneration Commission from time to time.
- (i) **Medical Scheme:** Annual Medical cover shall be provided per family for self, spouse and up to four children below twenty five years, who are fully dependent on the Members of Parliament and all other Parliamentary State officers as follows:

Inpatient	Kshs. 10 million
Outpatient	Kshs. 300,000
Maternity	Kshs. 150,000
Dental	Kshs. 75,000
Optical	Kshs. 75,000

- (iv) **Retirement Benefits:-** Gratuity scheme at the rate of 31% of annual basic pay, shall be paid at the end of the term and shall not be pensionable.
- (v) **Group Life Assurance:-** State Officers shall be covered for a value equivalent to three times their annual basic salary.
- (vi) **Work Injury Benefit (WIBA):-** Work Injury Benefits Act shall apply.
- (vii) **Group Personal Accident:-** Members of Parliament other Parliamentary State officers shall be covered for a value equivalent to up to three times annual basic salary.
- (viii) **Home, Utilities and Attendants:-** Speakers of Senate and National Assembly shall be housed by the State and provided with all commensurate home utilities and attendants subject to review by the Salaries and Remuneration Commission from time to time.

**Other additional benefits awarded to State officers in Parliament include:**

- i). Car Grant of Kshs. 5 Million per Parliamentary term repayable at 3% interest rate;
- ii). Car loan of Kshs. 7,000,000 repayable at 3% interest rate



**Table 4: Remuneration and Benefits of all State Officers in Constitutional Commissions and Independent Offices**

State Officer	Gross Monthly Remuneration Package (KShs)					
	Minimum			Maximum		
	Basic (60%)	Allowances (40%)	Total	Basic (60%)	Allowances (40%)	Total
Chairperson, CIC and IEBC and Auditor General	475,200	316,800	<b>792,000</b>	633,600	422,400	<b>1,056,000</b>
Vice-Chairperson, CIC and IEBC and Controller of Budget	393,525	262,350	<b>655,875</b>	524,700	349,800	<b>874,500</b>
Member, CIC and IEBC and Chairperson other Constitutional Commissions	384,409	256,272	<b>640,681</b>	512,545	341,696	<b>854,241</b>
Vice Chairperson and Members, other Constitutional Commissions	319,500	213,000	<b>532,500</b>	426,000	284,000	<b>710,000</b>
Secretary of Constitutional Commission	315,635	210,423	<b>526,058</b>	420,865	280,576	<b>701,441</b>

*Source: Salaries and Remuneration Commission*

**The other benefits include:**

- (i) All other allowances and benefits not specified in this Gazette Notice cease to be payable.
- (ii) The salary structure existing before this Gazette notice ceases to apply forthwith.

**(a) Duty Facilitation Benefits**

The following benefits shall apply to the State Officers in Constitutional Commissions and Independent Offices.

- (i) **Airtime:-** Retain the existing rates and subsequently as reviewed by Salaries and Remuneration Commission.
- (ii) **Security:-** To be provided as advised by the Inspector General, National Police Service
  - Official car:- Chauffeur driven official car for the Chairperson.
  - The Vice-chairperson and other Commissioners; Transport Allowance of Kshs. 30,000 p.m.

**(b) Other Benefits**

- (i) **Medical Scheme:-** The State Officers in Constitutional Commissions and Independent Offices shall be entitled to full medical cover per family for themselves, spouse and up to four children below twenty five years and fully dependent on the State Officer as follows:

Inpatient	Kshs. 10 million
Outpatient	Kshs. 300,000



Maternity	Kshs. 150,000
Dental	Kshs. 75,000
Optical	Kshs. 75,000

- (ii) **Retirement Benefits:-** A State Officer serving on Permanent and Pensionable terms shall join a contributory pension scheme and contribute at the rate of 7.5% of basic salary with the employer's contribution at the rate of 15% of basic salary. A State Officer serving on fixed term shall serve on contract and be paid a service gratuity at the end of the term at the rate of 31% of annual basic pay for every year served.
- (iii) **Group Life Assurance:-** State Officers shall be covered for a value equivalent to three times their annual basic salary
- (iv) **Work Injury Benefit (WIBA):-** Work Injury Benefits Act shall apply.
- (v) **Group Personal Accident:-** State Officers in Constitutional Commissions and Independent Offices shall be covered for a value equivalent to up to three times annual basic salary.

**Table 5: Remuneration and Benefits of State Officers in the County Government**

State Officer	Gross Monthly Remuneration Package (KShs)					
	Minimum			Maximum		
	Basic (60%)	Allowances (40%)	Total	Basic (60%)	Allowances (40%)	Total
County Governor	384,409	256,272	<b>640,681</b>	512,545	341,696	<b>854,241</b>
Deputy Governor	276,750	184,500	<b>461,250</b>	369,000	246,000	<b>615,000</b>
Speaker of the County Assembly Member of the Executive Committee	135,000	90,000	<b>225,000</b>	180,000	120,000	<b>300,000</b>
Member of the County Assembly	47,520	31,680	<b>79,200</b>	63,240	105,600	<b>105,600</b>

**Source:** Salaries and Remuneration Commission

**The other benefits include:**

**(a) Additional Allowances and Benefits**

The following additional allowances shall apply to State Officers serving in the County Government:

- (i) **Governor Allowance:** To be paid at the rate of Kshs. 80,000 per month
- (ii) **Deputy Governor Allowance:** To be paid at the rate of Kshs. 64,000 per month
- (iii) **County Assembly Committee Sitting Allowances:** To be paid to a County Representative as follows:
1. Chairperson: Kshs. 5,000 per day of meeting(s) for a maximum of 8 sittings in a week subject to a maximum of KShs. 80,000 per month
  2. Vice Chairperson: Kshs. 4,000 per day of meeting(s) for a maximum of 8 sittings in a week subject to a maximum of KShs. 64,000 per month



3. **Member:** Kshs. 3,000 per day of meeting(s) for a maximum of 8 sittings in a week subject to a maximum of KShs. 48,000 per month

**(b) Other Allowances and Benefits**

The following allowances and benefits shall apply to the State Officers in the County Government as applicable:

(i) **Accommodation and Subsistence Allowances:** To be paid at the existing rates applicable in the Public Service pending review by the Salaries and Remuneration Commission.

(ii) **Airtime:-** Airtime shall be provided as follows:

1. Governor: Kshs. 10,000 per month
2. Deputy Governor: Kshs. 7,500 per month
3. County Assembly Speaker: Kshs. 10,000 per month

(iii) **Security:** To be provided as advised by the Inspector General, National Police Service, where applicable.

(iv) **Official car:** Chauffeur driven official car for Governor and Deputy Governor; or as may be reviewed by the Salaries and Remuneration Commission.

(v) **Medical Scheme:** Annual Medical cover shall be provided per family for self, spouse and up to four children below twenty five years, who are fully dependent on the County State Officer as follows:

**Governor**

Inpatient	Kshs. 10 million
Outpatient	Kshs. 300,000
Maternity	Kshs. 150,000
Dental	Kshs. 75,000
Optical	Kshs. 75,000

**Deputy Governor**

Inpatient	Kshs. 5 million
Outpatient	Kshs. 150,000
Maternity	Kshs. 50,000
Dental	Kshs. 25,000
Optical	Kshs. 25,000

**County Assembly Speaker, County Representative and County Executive Officer:**

Inpatient	Kshs. 1 million
Outpatient	Kshs. 100,000
Maternity	Kshs. 50,000
Dental	Kshs. 20,000
Optical	Kshs. 20,000



- (vii) **Retirement Benefits:** A County State Officer shall serve on contract and be paid a service gratuity at the end of the term at the rate of 31% of annual basic pay for every year served.
- (viii) **Group Life Assurance:** Officers shall be covered for a value equivalent to three times annual basic salary.
- (ix) **Work Injury Benefit (WIBA):** Work Injury Benefits Act shall apply.
- (x) **Group Personal Accident:** State Officers in County Government shall be covered for a value equivalent to up to three times annual basic salary.
- (xi) **Home, Utilities and Attendants:** A County Governor shall be housed by the State and provided with all commensurate home utilities and home attendants as reviewed by Salaries and Remuneration Commission from time to time.

**Other additional benefits awarded to State officers in County Government include:**

- i). Monthly transport Allowance of Kshs. 20,000;
- ii). Airtime of Kshs. 5,000 p.m.



**Table 6: Remuneration and Benefits of State Officers in the Executive**

State Officer	Gross Monthly Remuneration Package (KShs)					
	Minimum			Maximum		
	Basic (60%)	Allowances (40%)	Total	Basic (60%)	Allowances (40%)	Total
President of the Republic of Kenya	742,500	495,000	1,237,500	990,000	660,000	1,650,000
Deputy President	631,125	420,750	1,051,875	841,500	561,000	1,402,500
Cabinet Secretary Attorney General Secretary to the Cabinet Chief of Defence Forces	475,200	316,800	792,000	633,600	422,400	1,056,000
Principal Secretary Vice Chief of the Defence Forces Commander, Kenya Army Director General (NIS) Inspector General National Police Service	393,525	262,350	655,875	524,700	349,800	874,500
Director of Public Prosecution Commander, Kenya Air force Commander, Kenya Navy	384,409	256,272	640,681	512,545	341,696	854,241
Deputy Inspector General Kenya Police Service Deputy Inspector General Administration Police Service	319,500	213,000	532,500	426,000	284,000	710,000
Registrar of Political Parties	319,500	213,000	532,500	426,000	284,000	710,000

**Source:** Salaries and Remuneration Commission

### The other terms include:

- (i) A serving State Officer whose remuneration and benefits were set for the position they are holding before the establishment of the Salaries and Remuneration Commission by the relevant authority as provided by law, where such remuneration is above the set remuneration herein shall retain such remuneration.
- (ii) A serving State Officer whose remuneration and benefits were set for the position they are holding by the Salaries and Remuneration Commission on interim basis before this Gazette Notice, where the remuneration is above the set remuneration herein, shall retain such remuneration at fixed levels unless reviewed by the Salaries and Remuneration Commission.
- (iii) New State Officers shall join at the minimum and those currently earning below the total gross minimum remuneration set herein, shall join the scale at the appropriate level.
- (iv) State Officers whose current remuneration levels fall within the structure shall join the structure at the next immediate progression point.
- (v) Unless otherwise specifically stated in this Gazette Notice, all allowances are herein consolidated and capped at forty per centum (40 per cent) of the set total gross remuneration.



- (vi) All other allowances and benefits not specified in this Gazette Notice cease to be payable.
- (vii) Additional benefits accruing to the President and the Deputy President shall be reviewed by the Salaries and Remuneration Commission from time to time.
- (viii) The salary structure existing before this Gazette notice ceases to apply forthwith.

**(a) Benefits**

The following benefits shall apply to the State Officers serving in the Executive:

- (i) **Accommodation and Subsistence Allowance:-** Retain the existing rates pending review by the Salaries and Remuneration Commission.
- (ii) **Airtime:-** Retain the existing rates pending review by the Salaries and Remuneration Commission.
- (iii) **Security:-** To be provided as advised by the Inspector General, National Police Service.
- (iv) **Official car:-** Chauffeur driven official car; or as reviewed by the Salaries and Remuneration Commission.
- (v) **Medical Scheme:-** The medical cover shall be provided per family for self, spouse and up to four children below twenty five years fully dependent on the State Officer as follows:

Inpatient	Kshs. 10 million
Outpatient	Kshs. 300,000
Maternity	Kshs. 150,000
Dental	Kshs. 75,000
Optical	Kshs. 75,000

The State Officers in the Defence Forces shall retain the existing medical scheme arrangement.

- (vi) **Retirement Benefits:-** A State Officer serving on Permanent and Pensionable terms shall join a contributory pension scheme and contribute at the rate of 7.5% of basic salary with the employer's contribution at the rate of 15% of basic salary. A State Officer serving on fixed term shall serve on contract and be paid a service gratuity at the end of the term at the rate of 31% of annual basic pay for every year served.
- (vii) **Group Life Assurance:-** Officers shall be covered for a value equivalent to three times annual basic salary.
- (viii) **Work Injury Benefit (WIBA):-** Work Injury Benefits Act shall apply where applicable.
- (ix) **Group Personal Accident:-** State Officers serving in the Executive shall be covered for a value equivalent to up to three times annual basic salary where applicable.



- (x) **Home, Utilities and Attendants:-** The President and Deputy President shall be housed by the State and provided with all commensurate home utilities and attendants, subject to review by the Salaries and Remuneration Commission from time to time.

**Table 7: Remuneration and Benefits of State Officers in the Judiciary**

State Officer	Gross Monthly Remuneration Package (KShs)					
	Minimum			Maximum		
	Basic (60%)	Allowances (40%)	Total	Basic (60%)	Allowances (40%)	Total
Chief Justice	594,000	396,000	990,000	796,733	531,155	1,327,888
Deputy Chief Justice	492,800	328,533	821,333	740,121	493,414	1,233,535
Judge of the Supreme Court	475,200	316,800	792,000	731,121	487,414	1,218,535
Judge of the Court of Appeal	393,525	262,350	655,875	673,655	449,104	1,122,759
Judge of the High Court	319,500	213,000	532,500	544,367	362,912	907,279
Chief Magistrate	267,300	178,200	445,500	420,865	280,576	701,441
Senior Principal Magistrate	200,475	133,650	334,125	288,000	192,000	480,000
Principal Magistrate	135,000	90,000	225,000	216,000	144,000	360,000
Senior Resident Magistrate	108,000	72,000	180,000	180,000	120,000	300,000
Resident Magistrate	74,250	49,500	123,750	114,000	76,000	190,000

**Source:** Salaries and Remuneration Commission

**The other terms include:**

- (i) State Officers who are not accommodated within the structure will be fitted within appropriate entry points, taking cognizance of their qualifications and years of experience within the Judiciary Service Commission Scheme of Service as follows:  
 0 – 5 years at minimum entry point;  
 5 – 10 years at second entry level;  
 10 – 15 years at third entry level;  
 15 – 20 years at fourth entry level; and  
 20 years and above at the fifth entry level.
- (ii) A new State Officer shall join the scale at the minimum level.
- (iii) A serving State Officer whose remuneration and benefits were set for the position they are holding before the establishment of the Salaries and Remuneration Commission by the relevant authority as provided by law, where such remuneration and benefits is above the set remuneration herein shall retain such remuneration.
- (iv) A serving state officer whose remuneration and benefits were set for the position they are holding by the Salaries and Remuneration Commission or any other authorized Government agency on interim basis before this letter where the remuneration is above the set remuneration herein shall retain such remuneration at fixed levels unless reviewed by the Salaries and Remuneration Commission.



- (v) A State Officer whose current remuneration level falls within the structure shall join the structure at the next immediate progression point.
- (vi) All Allowances apart from those below are herein consolidated and capped at 40% of the set total gross remuneration above.
- (vii) All other monthly remunerative allowances cease to be payable.
- (viii) The salary structure existing before this letter ceases to apply forthwith.

**A. Duty Facilitation Benefits**

- i) **Airtime:** Existing rates shall apply.
- ii) **Security:** To be provided as advised by the Inspector General, National Police Service.
- iii) **Official Car:** Chauffeur driven cars for Chief Justice, Deputy Chief Justice and Judges.

**B. Other Benefits**

- (i) **Pension:-** To maintain current rates.
- (ii) **Accommodation and Subsistence Allowances (Per Diem):-** to be paid at existing rates pending review by the Salaries and Remuneration Commission.
- (iii) **Medical Scheme:-** Annual Medical cover shall be provided per family for self, spouse and up to four children below twenty five years, who are fully dependent as follows:-

**(a) Chief Justice, Deputy Chief Justice and Judges:**

Inpatient	Kshs. 10 million
Outpatient	Kshs. 300,000
Maternity	Kshs. 150,000
Dental	Kshs. 75,000
Optical	Kshs. 75,000

**(b) Magistrates:**

In-patient	Kshs. 1 million
Outpatient	Kshs. 160,000
Maternity	Kshs. 50,000
Dental	Kshs. 25,000
Optical	Kshs. 25,000

- iv) **Medical - Ex-gratia:-** Shall be considered by the Judicial Service Commission on a case by case basis provided SRC is notified on the actual payment.
- v) **Group Life Assurance:-** Retain existing rates and on expiry revert to three years equivalent cover of State Officers' annual basic salary.
- vi) **Group Personal Accident:-** Retain existing rates and on expiry revert to three years equivalent cover of State Officers' annual basic salary.
- vii) **Work Injury Benefit (WIBA):-** Work Injury Benefits Act shall apply.
- viii) **Home, Utilities and Attendants:-** Chief Justice and Deputy Chief Justice shall be housed by the State and provided with all commensurate home utilities and attendants subject to review by the Salaries and Remuneration Commission from time to time.



- ix) **Car Loan:-** Payable in line with staff entitlements by Judicial Service (Judiciary Motor Car Loan Scheme Fund) Regulation 2012.
- x) **House Mortgage:-** In line with staff entitlements specified Judicial Service (Judiciary Mortgages Scheme Fund) Regulation 2012.
- xi) Tax Compensation shall be paid to the twenty two Judges who were already serving before the promulgation of the Constitution of Kenya, 2010 at the current rates.
- xii) **Non-practice Allowance:-** To be paid at the rate of Kshs.13,500 p.m. to all Judges and Kshs. 10,000 p.m. to all Magistrates.
- xiii) **Special Judicial Duty Allowance:** To be paid to the State Officers with additional responsibilities as per Judicial Service Commission approved schedule provided to the Salaries and Remuneration Commission up to a maximum of 150 officers

## ANNEX 2

### PROFILES OF MEMBERS OF THE SALARIES AND REMUNERATION COMMISSION



#### **Mrs. Sarah J.C Serem, EBS**

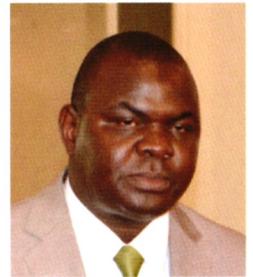
Sarah Jepkemboi Chumo Serem (EBS), the Chairperson of the Salaries and Remuneration Commission is a holder of an MBA in Human Resource Management and a BA degree (Sociology & Political Science), both from the University of Nairobi.

Mrs. Serem is an experienced HR practitioner, having served as Head of HR Division for over 20 years in the Kenya Post Office Savings Bank. She serves as a Non- Executive Director of Mumias Sugar Company Ltd and has sat in various school boards. In addition, she also serves in the Board of ADRA International, one of the leading humanitarian agencies that operate in 125 countries in the world.

As a philanthropist, Mrs. Serem believes in empowering young people to realize their God given potential and has towards this end, helped many needy children . She is one of the Board Members of the Kajiado Rehabilitation Centre, a rescue centre for the girl child.

#### **Daniel Omondi Ogutu**

Daniel Ogutu is the Vice Chairperson of Salaries and Remunerations Commission and holds a Masters Degree from University of Eastern and Southern Africa Management Institute and Maasterich School of Management in Business Administration (MBA) and Bachelors Degree in Education from Kenyatta University. He has over twenty years of working experience in Human Resource Management and Development. He is currently an Assistant Commission Secretary-Human Resource Management at Commission for University Education. He has a wealth of experience having worked with the Commission for Higher education (CHE), Agricultural Finance Corporation (AFC), Ministry of State for Public Service, Ministry of State for Provincial Administration and Internal Security, Directorate of Personnel Management (DPM), and Teachers Service Commission.



#### **Ann Elizabeth Owuor**

Anne Elizabeth Owuor was nominated by the Association of Professional Societies of East Africa (APSEA) and appointed a Member of the Salaries and Remuneration Commission (SRC) on 17th December 2012 by the President of the Republic of Kenya. She has Masters in Science in Audit Management & Consultancy from University of Central England Birmingham, a Masters in Business Administration, a Post Graduate Diploma in Audit Management & Consultancy – University of Central England Birmingham and is currently pursuing a doctorate in Commerce-UNISA. She is currently employed by Kenya Power Company Limited and has worked there since 1990, holding various managerial positions since 1997, including, Chief Accountant, Internal Audit Manager and Debt Control Manager & Gender Coordinator. Previously she worked in the Office of the President and Public Service Commission from 1984-1990.



### **Isaiah Kubai**

Isaiah Kubai holds a Bachelor of Law (LLB HONS) from University of Nairobi. He worked as a Banker from 1972 to 1986 and served as a General Secretary of Banking, Insurance & Finance Union (K). He is an endowed resource person in para-legal training of labour leaders.



### **Hon. Peter Oloo Aringo**

Hon. Peter Oloo Aringo holds a Masters Degree from University of Toronto, Canada. He also served as a Cabinet Minister in the following Ministries:- Information and Broadcasting, 1980 – 1982. Environment and Natural Resources – 1982. Ministry of Labour, 1985 – 1986. Ministry of Education, 1986 – 1991. Ministry of Manpower Development 1991, and An Assistant Minister for Education in 1979 – 1980.

He initiated several parliamentary reform programs between the year 2000 and 2007. Served six terms of 35 years as a Member of the National Assembly in the Parliament of Kenya: 1974 -1979; 1979 – 1983; 1983 – 1988; 1988 – 1992; 1997 – 2002; 2003 – 2007

### **Jacqueline Mugo**

Jacqueline Mugo holds Bachelor of Law (LLB, Hons), from University of Nairobi. She is the Executive Director/ Chief Executive, Federation of Kenya Employers. She was admitted as an advocate of the High Court on 21st February 1983. She was, awarded with the Honours of Order of the Grand Warrior of Kenya, (OGW) on 12th December, 2008



### **Jason Nambalu Namasake**

Jason Namasake holds a Bachelor of Law Degree (LLB. Hons) from the University of Dar es salam and a Masters (LLM.) from the University of London. He is an Advocate of the High Court of Kenya and has been a lecturer at the University of Nairobi – 1974 – 1980 and the Catholic University of Eastern Africa from 2007. Previously, Namasake worked at the Federation of Kenya Employers for twenty six years, where he served among other things in the Task Force to review Labour Laws the year 2000. He also served as a member of the Akiwumi Tribunal to review terms and conditions of service for Members of Parliament and staff of the National Assembly in 2009.

### **Serah N. Kinyua**

Serah Kinyua holds a Masters Degree from University Connecticut U.S.A. in Public Administration (MPA) and Bachelors Degree in Literature in English, Political Science and Philosophy at Makerere University in Uganda. She served as a Chief Human Resource Manager at the Teachers Service Commission between 1997 and 2002. She served at the Task force Reviewing Labour Laws representing Teaching Service.





**Brig (Rtd) Samuel Ndururi Kirugi MBS.,**

Brig Samuel N. Kirugi was nominated to the Commission by the Defence Council, Kenya Defence Forces. He holds the degrees of B. Ed Hons and MA of the University of Nairobi. He retired from the former Kenya Armed Forces (now KDF) in January 2004 after twenty five years of service having gained wide experience in command, training, logistics and human resources administration for which he was awarded the Moran of Burning Spear (MBS) in 1994. Since retirement he worked with the Armed Forces Pay Review Board (AFRPRB) until he was nominated to the SRC in January 2012.

**Sellistine Kiuluku**

Sellestine Kiuluku holds a Masters in Business Administration - Strategic Management from ESAMI and Maastricht School of Management – Netherlands. She further holds a BED degree from Kenyatta University and CPS. She is the Director Human Resources and Administration with the IEBC. Prior to the above appointments she served as the Director Human Resources and Administrative services with the Nairobi Water Company. Mrs. Kiuluku also worked as the Chief Human Resources and Administration Manager with the National Water Conservation and Pipeline Corporation (NWCP). Previously she served the National Museums of Kenya (NMK) as Principal Administrative Officer and as a Personnel Officer with Agricultural Development Corporation (ADC).



Mrs. Kiuluku has a wealth of experience and competency in Human Resources Management, Industrial Relations, Performance Management and Strategic Planning.

**Titus M. Ndambuki, CBS, HSC**

Titus Ndambuki holds a Masters degree in Economics from Williams College (USA), Bachelor of Philosophy degree in Economics from University of Nairobi and a Bachelor of Science in Mathematics and Statistics from the same University.



Mr. Ndambuki has also attended various courses in management and leadership skills from various institutes such as the Institute of Development Studies at the University of Sussex-England, Cardiff University College Population Centre, Wales (UK), the Economics Institute, Boulder, Colorado, Royal Institute of Public Administration (UK), and the University of Manchester (UK).

While working as the Programme Director for the Civil Service Reform Secretariat, he successfully steered the Public Service Reforms by providing guidance in translating policy guidelines on reform initiatives to specific and operational plans, tasks and targets in Ministries and Departments Mr. Ndambuki served as Permanent Secretary- Ministry of State for Public Service from 7th December, 2005 to 8th January, 2012. During his tenure, Mr. Ndambuki initiated a number of public service reforms including (a) performance contracting (b) training revolving fund (C) Medical Cover for civil servants (d) contributory pension scheme (e) Retirement age to sixty (60) years etc.

Besides other community development initiatives, Mr. Ndambuki is a Board Chairman of Kikelenzu Secondary School and a trustee of Tumaini International. He was awarded the Chief of the Burning Spear (CBS) and Head of State Commendation (HSC) by His Excellency the President in recognition of his sterling performance in the Public Service.



**MR. WANJUKI MUCHEMI, CBS, LL.B. (Hons), MBA (Nbi), FCI Arb. (U.K), CPS (K)**

A polished and experienced senior lawyer, Mr. Muchemi is the Executive Chairman of the Seven Seas Technologies Group Board of Directors. He is the immediate former Solicitor-General of the Republic of Kenya and the Principal Assistant to the Attorney-General, since May 2003 and Founder, Director and Legal Advisor to Kenya Diabetes Management and Information Centre (DMI Centre).

He was honoured by H.E. the President in December 2005 with the Award of the Chief of the Order of the Burning Spear (CBS) (First Class) for dedicated service and initiation of far-reaching reforms in the State Law Office and for his contribution in the integration negotiations in the East African Community. He holds a Master of Business Administration (MBA) in Strategic Management, and a Bachelor of Laws (LL.B. Hons.) degree from University of Nairobi. He is an Advocate of the High Court of Kenya, Fellow of The Chartered Institute of Arbitrators, London, U.K. (FCI Arb.), Member of The Institute of Certified Public Secretaries of Kenya (CPS (K)) and Law Society of Kenya.

Mr. Muchemi is confident and self-motivated and offers focused leadership. He is keen on and has special interest in the fields of International Law, Arbitration, Alternative Dispute Resolution (ADR), Multilateral and Bilateral Finance and Trade Negotiations. He has represented the country in various regional and international assignments leading the Kenyan Legal team to articulate the country's position in the international fora. He has previously served in various Boards of State Corporations, and has been a member of several government committees and national tasks forces providing wise counsel in his legal capacity.

**Mr. Joseph Kinyua, CBS**

Joseph Kinyua, the Permanent Secretary to the Treasury, is a non-voting member of the Board of Directors, Central bank of Kenya. He holds a B.Sc (Econ.), and an MA (Econ from the University of Nairobi. Mr. Kinyua's career began in 1978 as an assistant lecturer at the University of Nairobi. He joined the Central Bank of Kenya in 1980 as an Economist and rose to the rank of Director of Research. Between 1985 and 1990, he worked as an economist with the International Monetary Fund before returning back to the Central Bank of Kenya. He was appointed Financial Secretary to the Treasury in June 1995, a position he held until July 1999 when he rejoined the Central Bank of Kenya as Director of Financial Markets. He was appointed the Chief Economist of the Central Bank of Kenya in October 2000.



Mr. Kinyua was appointed as the Permanent Secretary, Ministry of Finance in September 2002, a position he held until January 2003 when he was appointed Permanent Secretary in the Ministry of Planning and National Development. In July 2003, he was appointed Permanent Secretary in the Ministry of Agriculture where he served until July 2004 when he was reappointed Permanent Secretary to the Ministry of Finance. Mr. Kinyua has served on several boards of State Corporations. He is a member of the Programme Committee of the African Economic Research Consortium (AERC) and Alternate Governor, World Bank Board of Governors.

## GENERAL INFORMATION

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H.E PRESIDENT MWAI KIBAKI COMMANDER- IN CHIEF OF DEFENCE FORCES OF REPUBLIC OF KENYA POSES FOR A PHOTOGRAPH WITH SALARIES AND REMUNERATION COMMISSION AT HARAMBEE HOUSE ON 4<sup>TH</sup> APRIL 2013.



**Salaries & Remuneration  
Commission**

*Rewarding productivity*

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