

PARLIAMENT
OF KENYA
LIBRARY



Salaries & Remuneration Commission

Rewarding productivity

ANNUAL REPORT 2015/2016

Folder 1A①

*to the leader of
majority party
Hon. Adam Diale
on 7/11/2017
[Signature]*

Mandate

The Salaries and Remuneration Commission (SRC) is a Constitutional Commission created under Chapter 15 of the Constitution of Kenya, 2010. The Commission is specifically established under Article 230 (1) of Constitution of Kenya, 2010. It is mandated to set and regularly review the remuneration and benefits of all the State Officers; and advise the National and County Governments on the remuneration and benefits of all other Public Officers. The other functions and powers of the Commission are provided under Section 11 and Section 13 (1, 2) of the Salaries and Remuneration Commission Act, 2011.

Vision

Equitable and sustainable remuneration and benefits for state and public officers in Kenya

Mission Statement

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

Core Values

- Objectivity
- Integrity
- Accountability and Transparency
- Responsiveness
- Team work
- Creativity and Innovation
- Inclusiveness

Contents

MESSAGE FROM THE CHAIRPERSON	iii
COMMISSIONERS	v
STATEMENT FROM THE COMMISSION SECRETARY	x
MANAGEMENT	1
THE SALARIES AND REMUNERATION COMMISSION IN BRIEF	3
Mandate	3
Functions and Responsibilities	3
Powers of the Commission	3
Guiding Principles for Remuneration Determination	3
STRATEGIC DIRECTION	4
Governance Structure	5
ACTIVITIES AND ACHIEVEMENTS OF THE COMMISSION	6
Achievements under Various Thematic Areas	7
Policy and Legal Framework	8
Remuneration and Benefits Management	8
Compliance	10
Corporate Image and Stakeholders Engagement	10
Institutional Capacity	10
CORPORATE GOVERNANCE STATEMENT.....	12
REPORT OF THE COMMISSION	16
STATEMENT OF COMMISSION'S RESPONSIBILITES	17
REPORT OF THE INDEPENDENT AUDITORS ON THE SALARIES AND REMUNERATION COMMISSION	18
I. Statement of Financial Performance	21
II. Statement of Financial Position	22
III. Statement of Changes in Net Assets	23
IV. Statement of Cash Flows	24
V. Statement of Comparison of Budget and Actual Amounts	25
VI. Notes to the Financial Statements	26
CHALLENGES AND WAY FORWARD	38
Challenges.....	38
Way Forward	38
APPENDIX	39

MESSAGE FROM THE CHAIRPERSON



Mrs. SARAH J. SEREM

The financial year 2015/16 has been yet another extremely busy one for Salaries and Remuneration Commission (SRC). The ongoing job evaluation exercise for the Public Service, which is a massive exercise has been a major undertaking taking up a big percentage of Commission's time and resources. In addition to this the Commission continued with other equally important activities that touch on its Constitutional mandate and principles and as has been the case the previous years the Commission's in and out tray was full. Indeed, the Commission invested all its resources, both human and capital, to complete the job evaluation exercise. To this end, job analysis and job description manuals for five sectors; Civil Service; Commercial and Strategic State Corporations; Service and Regulatory State Corporations; County Governments; Constitutional Commissions, Independent Offices and Teaching Service; have been completed. Job evaluation for two sectors; Public Universities, Research and Tertiary Institutions; and Disciplined Services, is ongoing and the same shall be completed in the next financial year.

One of the guiding principles for the Commission in setting remuneration and benefits for public officers is recognizing productivity and performance. During the financial year, the Commission in partnership with World Bank and Productivity Center of Kenya embarked on the development of a practical method of measuring public sector performance through the use of productivity indicators, among other measures. Given the sensitivity of the subject and the need for participation of stakeholders on productivity measurement, the Commission organized forums with various stakeholders.

The Commission is also developing a Wage Bill Forecasting Model that will facilitate advice on remuneration and benefits based on the wage bill projections. This model will, in the long run, require a system that will facilitate factual assessment of the wage bill in the country on real time, determine the impact of changes in remuneration of a sector to the overall wage bill, access to the pay roll data of public institutions, and monitoring of compliance. All these strategies and processes were made possible with the assistance of key stakeholders that include the National Treasury, Department of Personnel Management and employing Commissions whose officers were trained on Wage Bill Forecasting. Ultimately, a Pay Policy Manual that will be instrumental in providing standardized interpretation of policies used in the different public sector payrolls shall be developed and implemented.

Other achievements during this period include: harmonization of remuneration and benefits, engraining the principle of equal pay for work of equal value, and advice on Collective Bargaining Agreements (CBA) which has led to industrial harmony, among others. All these have been achieved despite challenges such as limited financial resources, litigation from various stakeholders, and lean staff establishment that has resulted in staff working for long periods, especially during the job evaluation exercise. The Commission will in the next financial year embark on revising its strategic plan with a view to entrenching the constitutional principles of ensuring that the total public compensation bill is fiscally sustainable, attracting and retaining requisite skills in public service, recognition of productivity and performance, and transparency and fairness. It will also align the corporate strategy to the changing economic and social environment.

MESSAGE FROM THE CHAIRPERSON

I wish to thank the National Government, County Governments, Constitutional Commissions and Independent Offices, and development partners, especially World Bank who continue to support the Commission. It is through this support that we managed to carry out all the activities planned for the financial year 2015/2016. I also wish to extend my sincere gratitude to SRC Commissioners who, despite being appointed on part time basis, have sacrificed a lot to ensure that the Commission meets its obligations, and to the Secretariat Staff who have worked tirelessly throughout the year despite heavy workload and strict timelines on various activities.

On behalf of the Commission, I wish to assure all the stakeholders of our support for successful implementation of remunerative issues in public service and attainment of our motto of 'Rewarding Productivity'.



Sarah J. C. Serem, EBS (Mrs.)
Chairperson

COMMISSIONERS



MRS. SARAH J. C. SEREM, EBS

Sarah Jepkemboi Chumo Serem, the Chairperson of the Salaries and Remuneration Commission, has been with the Commission since December 2011. She is a holder of a Master of Business Administration (MBA) in Human Resource Management and a Bachelor of Arts 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 operates in 125 countries.

MR. DANIEL O. OGUTU, MBS

Daniel Omondi Ogutu is the Vice Chairperson of Salaries and Remuneration Commission and holds a Master of Business Administration (MBA) from Eastern and Southern Africa Management Institute (ESAMI) and Maastricht School of Management, and a Bachelor Degree in Education from Kenyatta University. He has over 20 years of working experience in Human Resource Management and Development.

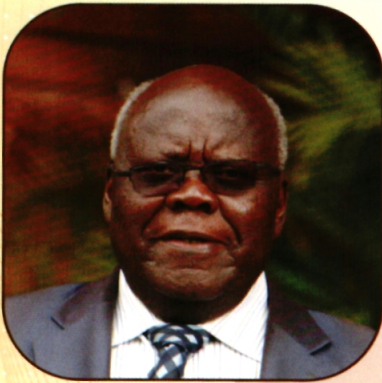
He is currently an Assistant Commission Secretary-Human Resource Management at Commission for University Education (CUE). He has a wealth of experience having worked with the CUE, Agricultural Finance Corporation (AFC), Ministry of State for Public Service, Ministry of State for Provincial Administration and Internal Security, Directorate of Personnel Management (DPM), and Teachers Service Commission (TSC).



MRS. SERAH KINYUA, HSC

Serah Kinyua holds a Master's Degree from University Connecticut USA in Public Administration (MPA) and Bachelor's Degree in Literature in English, Political Science and Philosophy from Makerere University in Uganda. She served as a Chief Human Resource Manager at the TSC between 1997 and 2002. She also served at the Task Force Reviewing Labour Laws representing Teaching Service.





HON. PETER O. ARINGO, EGH

Peter Oloo Aringo holds a Master's Degree from the 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;

Labour, 1985 – 1986;

Education, 1986 – 1991;

Manpower Development 1991; and

An Assistant Minister for Education in 1979 – 1980.

MRS. JACQUELINE MUGO, MBS

Jacqueline Mugo holds a Bachelor of Law Degree (LLB, Hons) from University of Nairobi. She is the Executive Director/Chief Executive of the Federation of Kenya Employers (FKE). She is an advocate of the High Court of Kenya and has over 30 years of experience in senior executive positions in the public and private sectors. Mrs. Mugo serves as Secretary General Business Africa, and is a member of the Governing Body of the International Labour Organization (ILO), the International Organization of Employers, Trustee National Social Security Fund, Higher Education Loans Board (HELB) and National Industrial Training Authority (NITA).



MR. JASON NAMASAKE, MBS

Jason Namasake holds a Bachelor of Law Degree (LLB, Hons) from the University of Dar-es-salaam and a Master's Degree (LLM) from the University of London. He is an advocate of the High Court of Kenya and was a lecturer at the University of Nairobi (1974–1980); and currently the Catholic University of Eastern Africa (CUEA). Previously, Mr. Namasake worked at FKE for 26 years, where he served in the Task Force to Review Labour Laws in 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.



COMMISSIONERS

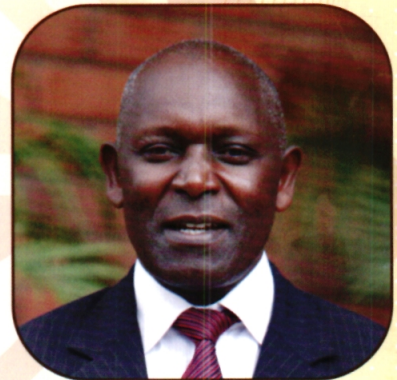


MRS. SELLESTINE KIULUKU, MBS

Sellestine Kiuluku holds a Master's Degree in Business Administration, (Strategic Management) from ESAMI and Maastricht School of Management – Netherlands. She holds a Bachelor of Education (B.Ed) Degree from Kenyatta University and is a Certified Public Secretary (CPS (K)). She is the Director of Human Resources and Administration at Independent Electoral and Boundaries Commission (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 (NWCPC). She has also served the National Museums of Kenya (NMK) as Principal Administrative Officer and as a Personnel Officer with Agricultural Development Corporation (ADC).

BRIG. (RTD) SAMUEL N. KIRUGI, MBS

Brig. (Rtd) Samuel N. Kirugi holds a Master's Degree in Education and a Bachelor of Education Degree from the University of Nairobi. He retired from the Kenya Defense Forces in January 2004 after 25 years of service having gained wide experience in command, training, logistics and human resource administration for which he was awarded the Moran of Burning Spear (MBS) in 1994. Since retirement, he has worked with the Armed Forces Pay Review Board (AFPRB).



MRS. ANNE ELIZABETH OWUOR, HSC

Anne Owuor holds a Master of Science Degree in Audit Management & Consultancy and a Post Graduate Diploma in Audit Management & Consultancy from the University of Central England Birmingham and a Master of Business Administration from the same university. She is a Certified Public Accountant, a Fellow of Institute of Certified Public Accountants of Kenya (ICPAK), a Certified Internal Auditor and has Certification in Risk Management Assurance. She retired from Kenya Power in 2015 having worked for 25 years in different managerial positions in Finance, Internal Audit and Commercial Services as well as being the Gender Coordinator. Previously, she worked in the Office of the President (OP) and Public Service Commission (PSC).



She has also served as a member of The International Public Sector Accounting Standards Board, and currently in the Program Oversight Committee on the Global Accountancy Development of the Global International Federation of Accountants. She is a member of Public Sector Accounting Standards Board of Kenya, and has sat in several boards including ICPAK, KCA University; and chaired the Institute of Internal Auditor (K) and Association of Women Accountants.



MR. ISAIAH KUBAI, MBS

Isaiiah Kubai is a lawyer by profession, with a bias in industrial law. He was admitted to the Bar in 1986 by the Office of the Industrial Court, and has been a practicing advocate of the High Court of Kenya since 2008. He obtained his Bachelor of Law Degree from the University of Nairobi in 2005, and a Diploma in Law from Kenya School of Law in 2007. He also has a Diploma in Social Science (Industrial relations) from Ruskin College (Oxford) in 1983.

Besides being a Commissioner, Mr. Kubai has been a Board member of COTU, a teacher of paralegal training for trade unions, Chairman of the Board of Management of AUKI mixed day secondary school from 2008, and a member of judiciary's mediation accreditation committee, and the employment and labour relations court rules committee. He is a council member in the Directorate of Industrial

Training (DIT), and a member of the following sectoral committees of DIT; banks and other financial institutions, commercial and distributive trades, and food manufacturing.

Mr. Kubai has participated in various national events including; drafting of labour laws, and reconciliation panels for disputes between Trade Unions and respective Employers.

MR. JAMES MUHORO, OGW

James Muhoro holds a Bachelor Degree in Literature in English, Political Science, and Philosophy from University of Nairobi. He joined the Civil Service (Provincial Administration) in 1978 rising to the position of District Commissioner. He moved to the Central Government from 1991 as Senior Assistant Secretary and rose to the position of Senior Deputy Secretary. In his wide career of service, he served as Ag. Director Kenya Marine and Fisheries Research Institute (KMFRI), Mombasa, from 1999 to 2000. He helped in setting up the Interim Independent Boundaries Commission from 2009 to 2010, as the Chief Executive Officer and also the National Police Service Commission from 2012 to 2013.



In his tenure of office, he has had extensive training and experience in Public Administration and Management from various public institutions within and outside the Country.

DR. KAMAU THUGGE, EBS



Dr. Kamau Thugge is currently the Principal Secretary at The National Treasury. He has previously worked in the Ministry of Finance as Head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance, he worked with the International Monetary Fund (IMF) as Economist/Senior Economist and Deputy Division Chief. Dr. Thugge holds a Bachelor of Arts (Economics) Degree from Colorado College, USA; Master of Economics from John Hopkins University, USA; and a Doctor of Philosophy (PhD) in Economics, also from John Hopkins University.

COMMISSIONERS



MR. NJEE MUTURI

Njee Muturi is currently the Solicitor General, State Law Office. He is a Partner at Muturi, Gakuo & Company. He has previously worked in the Office of Deputy Prime Minister as Director-Coordination, and as KANU's Executive Director. Mr. Muturi holds a Bachelor of Law Degree (LLB, Hons) from Poona University, Symbiosis College, and Bachelor of Arts (Economics & Political Science) Degree from Poona University Nowrosjee Wadia College, India.

MRS. ANNE R. GITAU

Anne R. Gitau is the Commission Secretary. She was appointed to the position in June 2015, having served as Ag. Commission Secretary from March 2014 to June 2015. She has over 10 years of comprehensive human resources experience from the private to public sector, and with diverse and solid experience ranging from human resource consultancy to human resource.

Mrs. Gitau has worked at the Higher Education Loans Board (HELB) as a Human Resources and Administration Manager and Industrial Development Bank. She is currently pursuing a PhD at the School of Business in Organizational Development at the University of Nairobi. She holds a Master's Degree in Business Administration from the University of Nairobi and a Bachelor of Education Degree from Egerton University.



STATEMENT FROM THE COMMISSION SECRETARY



Mrs. ANNE R. GITAU

The Financial Year 2015/2016 started on high note, with H.E. the President of the Republic of Kenya having launched Job Evaluation for the Public Service and the Public Sector Remuneration and Benefits Policy in June 2015. The Commission concentrated its efforts on the Job Evaluation for the Public Service exercise, which owing to its magnitude, was split into seven sectors as follows: Civil Service; County Government; Commercial and Strategic State Corporations; Service and Regulatory State Corporations; Constitutional Commissions, Independent Offices and Teaching Service; Disciplined Services; and Public Universities, Research and Tertiary Education, Institutions.

By the end of the financial year, the job evaluation process for the five sectors was almost complete with the following having been achieved; stakeholder buy-in, change management, job analysis, job description, job evaluation and job grading. Also, the Commission had developed 40,903 job descriptions and trained over 18,000 job analysts in the public sector, both at national and county levels. The only incomplete component of the exercise for the first five sectors was harmonization of job evaluation results as this was dependent on the completion of the exercise for the entire seven sectors. Unfortunately, due to unavoidable circumstances, job evaluation for two sectors (Disciplined Services; and Public Universities, Research and Tertiary Education Institutions) commenced late in the year (June 2016), with only stakeholder engagement, sensitization of stakeholders and change management programs taking place.

Despite the magnitude of the job evaluation exercise, the Commission set aside time and resources to implement key areas of the Remuneration and Benefits Policy. The Commission issued over 80 advisories to public sector institutions, in line with its constitutional mandate, and ensured compliance to the Commission's mandate. Thus, the Commission uploaded key circulars on its website and updated existing compliance data with the objective of empowering institutions to self-regulate as much as possible. In addition, compliance checks in national institutions were carried out and reported to the Audit, Risk and Compliance Committee of the Commission and mitigation measures were taken accordingly.

The Commission in line with Constitutional requirements, continued to engage stakeholders in major decisions taken by building effective media relations. To enhance compliance further, reports were shared with specific national institutions like the Office of the Auditor General (OAG), Office of Controller of Budget (OCOB) and Ethics and Anti-Corruption Commission (EACC). The Commission also released a documentary to educate the public on the concept and rationale of job evaluation for the public service.

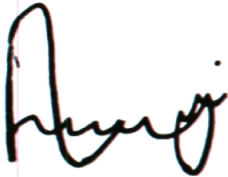
The Commission undertook capacity building for its staff to enhance skills that are critical in achievement of its mandate. During the period, over 70 percent of the Commission staff were trained and certified as job evaluation specialists. In addition, most of the staff attended Commission approved training programs in line with the Commission's priority areas and continuous professional development programs. Staff also undertook training in technical areas such as wage bill forecasting through World Bank's support. The Commission has continued to

STATEMENT FROM THE COMMISSION SECRETARY

reap benefits of continuous staff development and capacity building.

The above positive activities notwithstanding, the Commission faced funding challenges, more so at the beginning of the Financial Year where Kshs. 200 million earlier anticipated for job evaluation for Disciplined Services; and Public Universities, Research and Tertiary Education Institutions sectors was not received. Funding was later received in May 2016, occasioning delay in starting job evaluation for the two sectors.

My profound thanks go to the Commissioners and staff for their collective effort in propelling the Commission towards meeting its mandate. I am deeply indebted to our stakeholders who have been very supportive to the Commission as it fulfils its mandate.



Anne R. Gitau (Mrs.)

Commission Secretary/Chief Executive Officer (CEO)



MRS. ANNE R. GITAU-COMMISSION SECRETARY/CEO

Anne R. Gitau is the Commission Secretary. She was appointed to the position in June 2015, having served as Ag. Commission Secretary from March 2014 to June 2015. She has over 10 years of comprehensive human resources experience from the private to public sector, and with diverse and solid experience ranging from human resource consultancy to human resource.

Mrs. Gitau has worked at the Higher Education Loans Board (HELB) as a Human Resources and Administration Manager and Industrial Development Bank. She is currently pursuing a PhD at the School of Business in Organizational Development at the University of Nairobi. She holds a Master's Degree in Business Administration from the University of Nairobi and a Bachelor of Education Degree from Egerton University.

MR. NICODEMUS ODONGO-AG. DEPUTY COMMISSION SECRETARY

Nicodemus Odongo holds a Master of Arts and Bachelor of Arts Degrees in Economics from University of Nairobi. He has over 13 years of experience in Policy Research, Planning, Strategy Formulation, Quality Management Systems, Monitoring and Evaluation, and Financial Management. Previously, he worked with Parliamentary Service Commission (PARLSCOM) as a Senior Economist and Deputy Director, Kenya Revenue Authority (KRA) where he rose from Principal Research and Planning Officer, and Colgate Palmolive Limited as a Senior Finance Officer.



MRS. JANET MABWA-DIRECTOR CORPORATE SUPPORT SERVICES

Janet Mabwa has a Master of Science Degree in International Business Administration (Strategic Management) and a Bachelor of Science Degree in International Business Administration (Accounting) from USIU. She is also a Certified Public Accountant and Secretary. Previously, she worked with Public Procurement Oversight Authority (PPOA) as General Manager Finance and Administration, The New Partnership for Africa's Development (NEPAD) as Finance and Administration Officer and Company Secretary, K - Rep Advisory as Finance and Administration Manager and Company Secretary, and Tourism Trust Fund as Finance and Administration Manager.





**MR. NICHOLAS SIWATOM,
DIRECTOR REMUNERATION ANALYSIS**

Nicholas Siwatom holds a Master's Degree in Business Administration from Maseno University, Bachelor of Education (Arts) Degree from University of Nairobi, and Diploma in Personnel Management from Institute of Human Resource Management (IHRM). Previously, he worked with Transnational Bank as Head of Human Resources, Diamond Trust Bank as Senior Manager Human Resources, Kenya Broadcasting Corporation as Head of Human Resources, and Kenya Commercial Bank as Head of Training and Development.

**MR. JOHN K. MONYONCHO-DIRECTOR, RESEARCH
COMPLIANCE POLICY AND PLANNING**

John K. Monyoncho is currently pursuing a PhD degree at the University of Nairobi in Global Business Management. He holds an MBA in Finance and Bachelor's Degree in Economics from the University of Nairobi, and a Bachelor of Science Degree in Statistics from Poona University (India). Mr. Monyoncho has over 20 years of experience in senior management in both public and private sector having worked with Kenya National Bureau of Statistics (KNBS) where he rose to the position of Principal Economist/Statistician before moving to the Permanent Secretary's Office, as a Technical Assistant. He has also worked as a Technical Manager STATCAP with the Kenya Integrated Household Budget Survey Project, a World Bank project housed at the KNBS, for seven years before joining the commission in 2013.



THE SALARIES AND REMUNERATION COMMISSION IN BRIEF

Mandate

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

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

Functions and Responsibilities

In addition to the powers and functions of the Commission stipulated under Article 230 (4) of the COK, 2010, section 11 of the SRC Act, 2011 provides 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.

Powers of the Commission

Section 13 (1, 2) of the SRC 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 the Act; and
- (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.

In the performance of its functions, the Commission -

- (a) May inform itself in such manner as it thinks fit;
- (b) May receive written or oral statements from any person, governmental or non-governmental agency; and
- (c) Shall not be bound by the strict rules of evidence.

Guiding Principles for Remuneration Determination

In performing 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.

In addition to the four principles, Section 12 (1) of the SRC Act stipulates that the Commission shall also be guided by the principle of equal remuneration to persons for work of equal value.

STRATEGIC DIRECTION

The Commission stayed focused on the implementation of its first Strategic Plan (2013/2014 -2017/2018) published in August 2013. It remains the primary planning tool that provides a framework within which the Commission has developed its strategies, objectives, activities and expected outputs/outcomes. The Strategic Plan articulates the vision, mission and core values of the Commission. The strategies and outputs/outcomes that the Commission hopes to achieve are anchored on the thematic areas of policy and legal framework; remuneration and benefits management; compliance; institutional capacity; corporate image and stakeholder engagement.

Key desired outcomes for the Commission include: a fiscally sustainable public sector wage bill; a productive and competitive public service workforce; an equitable and competitive reward system; and financial security for serving and retired public service workforce. Our initial strategies for achieving the above are as summarized in Table 1.

Table 1: Organizational strategies

STRATEGIC THEME	OBJECTIVE	STRATEGIES
1. Policy and legal framework	To strengthen the remuneration and benefits regulatory framework	<ul style="list-style-type: none"> • Develop remuneration & benefits policy • Develop a pensions review policy • Review remuneration & benefits Management legislative framework
2. Remuneration and benefits management	To develop an equitable, competitive and sustainable remuneration and benefits system	<ul style="list-style-type: none"> • Institute a competitive remuneration & benefits structure • Recognize performance and productivity • Implement a remuneration & benefits data repository system
3. Compliance	To enhance compliance with the remuneration and benefits regulations and advice	<ul style="list-style-type: none"> • Institute a monitoring & evaluation mechanism • Enforce provisions of the relevant legislations
4. Corporate image and stakeholder engagement	<p>To engage stakeholders in remuneration & benefits management</p> <p>To create and increase stakeholders' awareness and support to the Commission</p>	<ul style="list-style-type: none"> • Facilitate stakeholder involvement • Manage stakeholder expectations • Improve SRC brand visibility • Establish effective media relations • Strengthen public relations

STRATEGIC THEME	OBJECTIVE	STRATEGIES
5. Institutional capacity	To have an adequately funded Commission	<ul style="list-style-type: none"> • Attract additional government funding • Attract support from development partners • Mobilize funds
	To enhance efficiency and effectiveness in service delivery	<ul style="list-style-type: none"> • Design an appropriate organization structure • Create seamless business operations • Mainstream ICT • Outsource non-core activities • Enhance management of operations
	To institutionalize good corporate governance	<ul style="list-style-type: none"> • Enhance synergy and capacity • Develop an organizational culture • Enhance corporate risk management/compliance • Strengthen internal controls
	To create a conducive work environment	<ul style="list-style-type: none"> • Provide adequate infrastructure
	To attract and retain highly qualified and motivated staff	<ul style="list-style-type: none"> • Establish performance management and reward system • Implement competitive remuneration • Enhance staff capacity, communication and welfare

Governance Structure

SRC is headed by a Chairperson and 13 Members of the Commission appointed in accordance with the provisions of Article 230 of the Constitution and SRC Act, 2011. The Commissioners are responsible for: (i) Overseeing implementation of the provisions of the SRC mandate as spelt out in the Constitution and the SRC Act 2011; (ii) Provision of policy direction for the implementation of the SRC mandate as spelt out in the Constitution and SRC Act 2011; and (iii) Ensuring effective functioning of the Commission through provision of resources required, among others.

The operational arm of the Secretariat is headed by the Commission Secretary who is the Chief Executive Officer. The Commission Secretary is responsible for: (i) The implementation of the functions of the Commission; the formation and development of an efficient administration; and (ii) The organization, control and management of staff. The structure of the Secretariat has three Directorates: (i) The Directorate of Remuneration Analysis (DRA); (ii) Directorate of Research, Compliance, Policy and Planning (DRCPP); and (iii) Directorate of Corporate Support Services (DCSS). Below the Directorates are the Departments and divisions that are all aligned to specific directorates' functions as defined in the Commission's strategic plan. The Commission also has three independent departments: Legal Affairs; and Corporate Communications that are directly responsible to the Commission Secretary, and the Internal Audit and Risk Management department, which functionally reports to the Audit and Risk Committee of the Commission but administratively to the Commission Secretary.

ACTIVITIES AND ACHIEVEMENTS OF THE COMMISSION

In the FY 2015/16, the Commission carried out and completed various activities. These activities were not only extracted from the corresponding year's targets in the implementation matrix of the strategic plan, but also from ongoing projects from the previous FY 2014/15.

The Job Evaluation (JE) exercise was the key activity of the Commission, which has been running since the FY2014/2015. It engaged huge financial and human resources in the Commission from inception. At the preparation stage of the 2015/2016 work plan, job evaluation was allocated the highest weight of 50 per cent out of the possible 100 per cent, while the remaining 50 per cent was distributed among the other Commission activities. The annual approved budget for implementation of the Plan was Kshs. 970 million, including the supplementary budget. The following is a summary of the accomplishments during the year 2015/2016:

- i. Job evaluation was almost complete for Civil Service; Commercial and Strategic State Corporations; Service and Regulatory State Corporations; County Governments; Constitutional Commissions, Independent Offices and Teaching Service;
- ii. Job evaluation and appeals policy;
- iii. Stakeholders' consultation with members of the national assembly on the public sector remuneration and benefits policy;
- iv. Various research briefs were developed including: (i) Housing for Governors and County Speakers; (ii) Medical cover for retirees; and (iii) Facilitative benefits for Public Officers with disabilities;
- v. The Commission issued more than 80 advices to various public institutions;
- vi. Compliance checks were conducted in 14 national institutions and compliance reports compiled and presented to Audit, Risk and Compliance Committee of the Commission;
- vii. All Commission circulars were uploaded on the SRC website (www.src.go.ke);
- viii. The Commission website and social media accounts were continuously updated with news and events of the Commission, and media requests were responded to as the Commission continued to be open and engage the stakeholders;
- ix. To increase Commission's visibility, branded staff-ware was distributed, and JE related media campaigns carried out on TV, major FM stations, and social media fora;
- x. An ICT strategy was developed and its implementation continued to increase efficiency in the Commission;
- xi. The Commission carried out legal research and analysis to ensure proper Constitutional and legal interpretations of its mandate;
- xii. Capacity building for staff continued throughout the year with staff participating in both technical and soft skills training. All Commissioners and staff were trained on various areas including job evaluation; Public Procurement and Asset Disposal Act; and wage bill forecasting; and
- xiii. The Commission was able to secure resources from the Government through the Exchequer and World Bank which supported the Commission activities, including job evaluation and training.

Achievements under Various Thematic Areas Policy and Legal Framework

i. Stakeholders' Consultation on Public Sector Remuneration and Benefits Policy

The Commission completed the first edition of the Public Sector Remuneration and Benefits Policy. However, there was continued engagement with various stakeholders on the policy to ensure that it was strengthened and widely accepted. During the period under review, the Commission carried out stakeholder consultation with Members of the National Assembly on the policy. The policy guides the government on how to achieve an effective remuneration and benefits system, where all public sector employees are satisfied that they are fairly, equitably and transparently compensated for their labour.

The policy was published and distributed to stakeholders.

jobs, using an approved system of evaluation that establishes a rational basis for equitable remuneration. The Job Evaluation and Appeals Policy provides a guide for carrying out job evaluation in the public service. It documents the job evaluation process including the prescribed job evaluation system; and provides the process of appeals for institutions that may need a review of their job evaluation results.

iii. Public Sector Remuneration and Benefits Bill

The process of drafting the Public Sector Remuneration and Benefits Policy envisaged the need for a legislative framework for its smooth implementation. During the year, the Commission undertook the following activities towards realizing the legislative framework: review of the policy document and identification of remuneration issues that require legislation; preparation of an audit report with drafting instructions, which was forwarded to the Kenya Law Reform Commission; and development of an initial draft bill for public sector remuneration and benefits, which was shared with the Kenya Law Reform Commission. The bill shall be



SRC Commissioners and Parliamentary Service Commission during a meeting held at Safari Park in March 2016

completed and forwarded to the national assembly in the next financial year.

ii. Job Evaluation and Appeals Policy

To guide the job evaluation exercise, a Job Evaluation and Appeals Policy was developed. The policy provides a framework for a fair and consistent evaluation of

Remuneration and Benefits Management

i. Job Evaluation for Public Service

Due to the magnitude of the exercise, job evaluation for the public service was clustered into seven sectors to make it easier to manage the project. The sectors were: Civil Service; County Governments; Commercial and Strategic State Corporations; Service and Regulatory State Corporations; Constitutional Commissions, Independent Offices and Teaching Service; Disciplined Services; and Public Universities, Research and Tertiary Education Institutions.

By the end of the financial year, job evaluation exercise for the first five sectors (Civil Service; County Governments; Commercial and Strategic State Corporations; Service and Regulatory State Corporations; Constitutional Commissions, Independent Offices and Teaching Service) was almost complete. The following had been achieved: job analysis, development of job description manuals, and job evaluation. Tenders for the remaining two sectors comprising Public Universities, Research and Tertiary Institutions; and Disciplined Services were awarded. However, only sensitization of key stakeholders was carried out towards the tail end of the financial year.



SRC Commissioners, staff and consultants from PricewaterhouseCoopers reviewing manuals for job evaluation

The Commission developed 40,903 job descriptions (JDs) and carried out job evaluations using the JDs. During the exercise, the Commission trained over 18,000 job analysts in the public sector, both at national and county levels. By the end of FY 2015/2016, the only incomplete component of the exercise for the first five sectors was harmonization of job evaluation results. The Commission also carried out a salary survey as part of the JE exercise to guide in the development of a salary structure for the Public Service. The JE results from the five sectors will be launched in the next financial year to guide employing institutions and trade unions in salary review deliberations.



Commissioner Serah Kinyua receives job description manuals from the Information, Communications and Technology Cabinet Secretary, Mr. Joe Mucheru, and ICT Principal Secretary, Mr. Sammy Itemere.

ii. Research and Development

The Commission carries out annual research to guide its policy development and general execution on its mandate. The Commission finalized research on facilitative benefits for Public Officers with disabilities. The findings of this research were that: (i) Disability allowance, just like any other monthly allowance paid in the public service, is a facilitative benefit conferred to public servants with disability to cater for services of hiring a preferred personal guide; (ii) Personal guides are not government employees (they are employees of the public servants with disabilities); (iii) The level of salary for personal guides is negotiated and determined between the guide and the employer (public officer with disability); (iv) The job of a personal guide is not a full time job; and (v) The daily subsistence allowance for a personal guide accompanying an officer with disability is catered for by the officer with disability. The research concluded that the Kshs. 15,000 currently conferred as disability allowance is sufficient to cater for the cost of paying a personal guide assisting a public servant with disability.

During the period under review, the Commission directed that research on the possibility of creating a medical insurance scheme for public sector retirees is conducted. The research explored the cost implication and the possible system of administration of the scheme. The study also looked at the sustainability and general benefits of the scheme. The study recommends establishment of the scheme that should be co-funded by the Government and the employee.

Finally, the Commission prepared a research brief on housing for Governors and County Speakers. This brief was informed by the rampant exaggeration of house rent paid by various county Governments for the Governor and County Assembly Speaker residential house. The research culminated in the setting of ceilings for rent payable for the residential houses. The

Commission also developed an SRC client hand book. The handbook, which is at the draft level, provides a snapshot of the Commission, organization structure, services offered and the procedure for seeking Commission services.

iii. Wage Bill Projection Model

One of the principles that guides the Commission in pay determination is the need to ensure that the total public compensation bill is fiscally sustainable. During the year, the Commission created a wage bill projection model that demonstrates the macroeconomic effect of a wage increase in one sector to the overall economy. The model has been designed to manipulate payroll data sets for different public sectors; model basic pay increases; model changes in staff numbers; and forecast wage bill to: GDP, domestic revenues, and public expenditures. The model is designed to provide a centralized database for remuneration and benefits for the public service.

The Commission brought together three employing Commissions (Public Service Commission, Teachers Service Commission, and Police Service Commission) as an initial step of operationalizing the model. Other employing Commissions shall gradually be brought on board. During the year, technical staff from these commissions were trained on the projection model by a World Bank consultant. A technical team was also formed to continue building the model as more payroll data is collected from other public institutions.



SRC staff during an interaction with World Bank consultant on wage bill projection model

The model is geared towards enhancing the Commission's decisions on remuneration and benefits for the public service. It also provides an objective way of forecasting and determining remuneration and benefits in the public service, while taking cognizance of fiscal sustainability, productivity, attraction and retention of the skills required. The model will ensure regular reporting of personal emoluments since currently there is no centralized reporting database of

the wage bill data for the public service.

iv. Productivity Indices

The Commission is required by the Constitution to consider productivity and performance as one of its principles during pay determination. Lack of productivity measurement tools makes it impossible to link performance and productivity to pay.

During the year, the Commission embarked on developing productivity indices for the public sectors. The aim was to enable the Commission link pay to productivity. Among the activities undertaken towards achieving this was the engagement of technical skills from the Productivity Centre of Kenya, training of staff on productivity measurement, and holding technical workshops with key stakeholders on the best approaches to productivity measurement in the public service. Consultations with national and international experts on productivity measurement commenced to determine a better approach. Seven members of SRC participated in a study tour to Malaysia to learn about its experience and success in measurement and implementation of productivity in the public service. Three consultative meetings were conducted with Ministry of Labour, Vision 2030 Secretariat and multisector stakeholders.

The Commission targets to bring on board other institutions in the public service with cross-cutting mandate on performance management, some of these institutions are: Public Service Commission; Productivity Centre of Kenya; and Presidential Delivery Unit. Together with the aforementioned institutions, the Commission will undertake data collection, analysis of productivity indicators and construction of productivity indices for the public sector by mid-2017/2018 financial year.

v. Advisories and Circulars

The Commission continued to advise and review remuneration and benefit for the public service. More than 80 advisories were issued (See Appendix 1). To assist in compliance of the advice, all Commission circulars were uploaded on the SRC website (www.src.go.ke). Compliance checks were conducted in 14 national institutions and compliance reports compiled and presented to Audit, Risk and Compliance Committee. These reports were also shared with the Office of the Auditor General (OAG), The Accountant General and Office of the Controller of Budget (OCOB).

vi. Stakeholder Engagements

There was continued communication to stakeholders on the mandate and activities of the Commission. More so, several stakeholders engagements on job evaluation

and performance and productivity. The Commission had approximately 20 stakeholder engagements targeting the Senate, National and County Assemblies, Constitution Commissions, Parastatals, teaching service, civil service, and the media among others



Assistant Director, Research and Compliance, Cleopius Wang'ombe sensitizes Kitui County MCAs on the role of SRC

Compliance

The Compliance function monitors how the Commission's circulars and advisories are implemented in the public service. During the year, compliance activities started by uploading all SRC circulars on the website for ease of access by all interested and concerned parties. Compliance checks were conducted in 14 national institutions, and quarterly compliance reports were compiled and presented to Audit and Risk Committee. In order to address challenges of mileage allowance for legislation, a paper on "Mileage Allowance" was prepared to help improve reimbursement of transport expenses.

For effectiveness of compliance activities, the Commission entered into a collaboration with OCOB, OAG, the National Treasury, and the Commission for Revenue Allocation (CRA) through a Memorandum of Understanding (MOU) on wage bill management.



SRC, CRA and OAG staff in a meeting with a World Bank consultant during a discussion on wage bill management

Corporate Image and Stakeholders Engagement

The department of Corporate Communications is responsible for managing and sustaining the Commission's relationship with key audiences and taking responsibility of the Commission's reputation. During the year, the department facilitated several stakeholders' engagements on the Commission's mandate, job evaluation and performance and productivity. More so, the department engaged the media, published the SRC newsletter, regularly updated the website, and social media accounts. The department also developed a job evaluation documentary and carried out a job evaluation media campaign to educate the public on the concept and rationale of the exercise in the public service.



TSC and SRC Commissioners, and staff during one of the sessions at Kenya Institute for Curriculum Development (KICD) for sensitization of the teaching fraternity about job evaluation

Institutional Capacity

The achievements made by the Commission would not have been realized without the contribution and support of the Department of Corporate Services. The support provided included the following:

Legal Services

The Commission, through its department of legal services, continued to carry out legal research and analysis to ensure proper Constitutional and other legal interpretation. The department researched on legal issues affecting the Commission, including labour petition involving Moi Teaching and Referral Hospital versus SRC and Attorney General; and National Hospital Insurance Fund Management Board versus SRC and Attorney General. The department also analyzed two sets of regulations and two bills and advised on internal legal contracts.

Human Resource Development

The Human Resources Department is responsible for the development and implementation of human resource policies and procedures. The department

also oversees the processes of selection, recruitment, induction, placement and discipline of staff in the Commission; and it is also in charge of planning and directing human resource development, performance management and career development processes and programs, among other functions.

Capacity building for Commissioners and staff continued throughout the year. There was a combination of both technical and soft skills training for staff in the Commission. One commissioner was trained on corporate governance, while six commissioners visited South Africa and two visited Malaysia for benchmarking and capacity development. All Commissioners and staff were trained on job evaluation. Staff were also trained on Public Procurement and Asset Disposal Act. Seventeen members of staff were trained on wage bill forecasting through the support of the World Bank; and 15 on various skills including strategic policy planning for public service, records management, public relations, customer care and communication skills for frontline staff, occupational health and safety for support staff and drivers, protocol etiquette and basic ICT skills. Twenty six members of staff attended their continuous professional development courses.

Information, Communication Technology

The functions of the department of Information Communication Technology (ICT) include: formulation and implementation of policies and procedures; development, implementation and management of computerized information system; and provision of ICT services to all functions of the Commission. During the year, ICT strategy for SRC was prepared and circulated internally. Clean power was procured and installed; and Symantec Antivirus License, Checkpoint Firewall License and Digital Certificate for Microsoft Exchange server 2013 were renewed. Other recurring activities included preventive maintenance of ICT equipment and internet connectivity.

Resource Mobilization

The Commission relies mainly on the Government support through the Exchequer to carry out its functions. However, the Government allocations are often inadequate and the Commission has to seek funding from potential development partners.

During the period under review, the Commission sent proposals to various support organizations which included International Finance Corporation (IFC), United Nations Development Program (UNDP), and World Bank. A total of Ksh 40 million worth of financial support was received from the World Bank to support the development of quantitative model, productivity indices and training of staff.

Internal Audit and Risk

The department of internal audit and risk management in the Commission is responsible for ensuring that the Commission's risk management, internal controls and governance processes are adequate and functioning; carrying out timely and continuous audits; verifying and monitoring financial transactions of SRC; and developing and implementing a risk management framework among others.

During the year, 14 Commissioners and 28 staff members were trained on Enterprise Risk Management (ERM). The Commission also reviewed ERM framework and developed integrity-code of conduct for state officers.

CORPORATE GOVERNANCE STATEMENT

The objects of the Salaries and Remuneration Commission, other Commissions and the Independent Offices are stipulated under Article 249 of the Constitution of Kenya, 2010. In fulfilment of the objects, the Commissioners assume the ultimate responsibility of ensuring that the Commission is accountable to the public and complies with the highest standards of corporate governance.

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

Responsibilities

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

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

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

Role of the Chairperson

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

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

Role of the Commission Secretary

The Commission Secretary is appointed by the

Commission in accordance with Section 16 of the Salaries and Remuneration Act, 2011. The Commission Secretary doubles as the Secretary to the Commission and the head of the Commission Secretariat. The Commission Secretary is responsible for the overall leadership and day-to-day management of the Commission's operations; efficient and effective management of the secretariat; performance management, operational controls, ethical conduct, and good corporate governance.

Commission Structure and Composition

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

Commissioners' Remuneration

The Commission and its Committees meet regularly in accordance with annual schedules. All members of the Commission are paid a sitting allowance for the meetings they attend up to a maximum of 8 meetings per month. Members of the Commission are also paid for task force meetings attended on job evaluation for the public service. The Chairperson of the Commission and the members, with exception of the ex-officio members who are representatives of Government institutions, are also paid a monthly retainer through a consolidated fund by the National Treasury. The retainer and allowances paid out of consolidated fund are not recognized in these financial statements.

Commission Committees

The Commission has a structured system of operation made up of committees to assist it in discharging its mandate, responsibilities and obligations. The Commission delegates specific functions to selected committees with defined formal terms of reference, without abdicating its ultimate responsibility. The terms of reference clearly identify matters reserved for the Full Commission and the committees. The committees make recommendations to the Full Commission for consideration and adoption/resolution. During the year, the Full Commission met 47 times. The membership and Chairmanship of these committees is regularly reviewed by the Commission, which is responsible for filling any vacancies. The Commission is cognizant that members collectively have sufficient qualifications and experience to fulfil the duties of the respective committees. The elected Chairpersons appraise the Full Commission meetings of their activities on a regular basis through oral and/or written reports. The agenda items for the Commission meetings

are set in consultation with the Chairpersons of the committees. During the year 2015/16, the Commission had five standing committees and nine job evaluation task force committees. The standing committees were as follows:

A. Audit, Risk, and Compliance Committee

The Audit, Risk and Compliance Committee is an independent committee and was chaired by Commissioner Isaiah Kubai during the year. Other members were: Mrs. Serah Kinyua, Dr. Kamau Thugge, Mr. James Muhoro, Mrs. Anne Owuor, Mr. Jason Namasake, Brig. (Rtd) Samuel Kirugi and Mr. Njee Muturi.

The mandate of this Committee includes but is not limited to:

- (i) Meets internal and external auditors on the nature, scope and priorities of audits and the major findings of audits;
- (ii) Monitors and reviews the integrity of the Commission's financial statements;
- (iii) Makes recommendations to the Commission on enterprise risks, internal controls and compliance;
- (iv) Reviews the effectiveness and reliability of management information systems, risk and internal controls systems, and the efficiency and effectiveness of both external and internal audit.

The Committee met 11 times during the year.

B. Corporate Services Committee

The Corporate Committee is an independent committee and was chaired by Commissioner Jason Namasake from the beginning of the year. However, within the year the Chairperson changed to Commissioner Oloo Aringo. Other members were: Mr. Daniel Ogutu, Brig. (Rtd) Samuel Kirugi, Mrs. Sellestine Kiuluku, Mrs. Jacqueline Mugo, Mr. John Gechaga and Dr. Kamau Thugge.

The mandate of this Committee includes but is not limited to providing oversight and governance on issues pertaining to administration, human resource management and financial services. The Committee met 19 times during the year.

C. Public Administration, Infrastructure, Governance and Energy Sectors (GIPE) Technical Services Committee

The GIPE Committee is an independent committee and was chaired by Commissioner Daniel Ogutu during the

year. The other members were: Mrs. Sellestine Kiuluku, Mr. Isaiah Kubai, Mr. James Muhoro, Mr. Njee Muturi and Mr. John Gechaga. The committee is in charge of Public Administration, Infrastructure, Governance and Energy Sectors. The Committee met 16 times during the year.

D. Social, Agriculture, Security and Environment (SASE) Technical Services Committee

The SASE Committee is an independent committee and was chaired by Commissioner Anne Owuor during the year. The other members were: Brig. (Rtd) Samuel Kirugi, Dr. Kamau Thugge, Mrs. Serah Kinyua, Hon. Oloo Aringo, and Jason Namasake. The committee is in charge of Social, Agriculture, Security and Environment Sectors. The Committee met 17 times during the year.

E. Legal Committee

The Committee is an independent committee and was chaired by Commissioner Jason Namasake during the year. The other members were: Mr. Njee Muturi, Mrs. Jacqueline Mugo, Mrs. Anne Owuor, and Mr. Isaiah Kubai. The Committee met 11 times during the year, deliberated on legal matters touching on the Commission's mandate and made recommendations to the Full Commission.

Job Evaluation (JE) Task Force Committees

The job evaluation task force committees were constituted during the year 2014/15 to oversee the job evaluation exercise, due to the complexity and nature of the exercise. The committees will automatically terminate when the exercise is complete. The governance structure is as follows:

(i) JE Steering Committee

The Chairperson was Mrs. Sarah Serem. The members comprise of all the other Commissioners. The Committee met 18 times and submitted their reports to the full Commission for adoption or approval.

(ii) JE Commercial and Strategic State Corporations Committee

The Chair was Commissioner Anne Owuor. The other members were: Mrs. Jacqueline Mugo, Mr. James Muhoro and Mr. Isaiah Kubai. The Committee met 17 times and deliberated on all job evaluation matters pertaining to the Commercial and Strategic State Corporations sector, and forwarded their reports to the JE Steering Committee.

(iii) JE Service and Regulatory State Corporations Committee

The Chair was Commissioner Sellestine Kiuluku. The other members were: Mr. Jason Namasake, Mr. Njee Muturi and Dr. Kamau Thugge. The Committee met 11 times and deliberated on all job evaluation matters pertaining to the Service and Regulatory State Corporations sector, and forwarded their reports to the JE Steering Committee.

(iv) JE Civil Service Committee

The Chairperson was Commissioner Serah Kinyua. The other members were: Mr. Daniel Ogutu, Brig. (Rtd) Samuel Kirugi, Hon. Peter Oloo Aringo, Mr. James Muhoro, Mr. Njee Muturi and Dr. Kamau Thugge. The Committee met 19 times and deliberated on all job evaluation matters pertaining to the Civil Service sector and forwarded their reports to the JE Steering Committee.

(v) JE County Committee

The Chair was Commissioner Jason Namasake. The other members were: Dr. Kamau Thugge, Mrs. Serah Kinyua, and Mr. John Gechaga. The Committee met 10 times and deliberated on all job evaluation matters pertaining to the County Governments sector, and forwarded their reports to the JE Steering Committee.

(vi) JE Constitutional Commissions, Independent Offices and Teaching Service Committee

The Chair was Commissioner Daniel Ogutu. The other members were: Mrs. Sellestine Kiuluku, Mrs. Jacqueline Mugo and Mr. John Gechaga. The Committee met 13 times and deliberated on all job evaluation matters pertaining to the Constitutional Commissions, Independent Offices and Teaching Service sector, and forwarded their reports to the JE Steering Committee.

(vii) JE Communication Committee

The Chair was Commissioner Hon. Peter Oloo Aringo. The other members were: Mr. Daniel Ogutu, Mr. Isaiah Kubai, Mrs. Anne Owuor, Brig. (Rtd) Samuel Kirugi, Mrs. Jacqueline Mugo and Mr. James Muhoro. The Committee was to develop and oversee the JE Communications Strategy. The Committee met 10 times and submitted their reports to JE Steering Committee.

(viii) JE Compliance and Risk Management Committee

The Chair was Commissioner Isaiah Kubai. The other members were: Mr. Daniel Ogutu, Mrs. Anne Owuor, Mrs. Serah Kinyua, Mr. John Gechaga and Mr. Jason Namasake. The Committee met seven times during the year, and submitted their reports to JE Steering Committee.

(ix) JE Planning and Logistics Committee

The Chair was Commissioner Brig. (Rtd) Samuel Kirugi. The other members were: Hon. Peter Oloo Aringo, Mrs. Sellestine Kiuluku and Mr. Njee Muturi. The Committee met 10 times during the year and provided logistical support to the entire JE exercise.

Statement of Compliance and Conflict of Interest

Conscious of its responsibilities to members, service providers, suppliers, creditors, employees and society, the Commission issues a statement at the end of the year confirming that it has complied with the law, conducted its affairs in accordance with the best principles and practices of corporate governance, and knowledge of the Commission and Management. No person, employee or agent acting on behalf of the Commission with the knowledge of authority of the Commission or Management has committed any offence under the Prevention of Corruption Act or indulged in any unethical behaviour in the conduct of the Commission's business, or has been involved in money laundering, or in any practice or activity contrary to national laws or international conventions.

Code of Conduct

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

Risk Management

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

Risk Management Structure and Roles

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

Role of the Audit Committee

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

Role of Internal Auditor

In addition to the implementation of risk management framework, the Commission has appointed independent internal auditors whose function is to provide independent assurance to the Commissioner and management through general specific audits, reviews, testing and other techniques, carrying out a risk based audit from time to time, report on effectiveness and efficiency of risk management process as well as report on Commission's compliance with the risk policy. A risk assurance audit was conducted during the year to review the risk status. A review of the strategic and operational risk registers was conducted.

Role of Management Team

The Management team's role in risk management is that of implementing the risk framework established by the Commissioners. In addition, the management receives and approves the quarterly reports on operational risk management issues, and reports any strategic risks identified to the Audit Committee and the Commission. The management team also approves risk mitigating actions to be taken by the secretariat risk committee, contributes to the development of the risk management system, and arranges internal audits on the risk management process at appropriate intervals on behalf of the Commission.

Risk Categories

The Commission has identified and categorized risks as follows;

- i) Strategic risks: These arise out of the Commission's strategic plan;
- ii) Financial risks: Risks associated with financial aspect of the Commission;
- iii) Operational risks: They refer to risks associated with the operations of the Commission; and

- iv) Legal and regulatory risks: Legal risks can arise from non-compliance with the legal and regulatory requirements.

Risk Training and Awareness

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

REPORT OF THE COMMISSION

Members of the Commission submit their report together with the audited financial statements for the year ended June 30, 2016, which show the state of affairs of the Commission.

Principal Activities

The principal activities of the Commission continue to be:

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

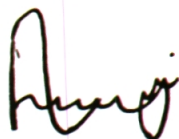
The Commission under the Act Section 12 is further compelled to comply with the principle of equal remuneration to persons for work of equal value.

Results

The results of the Commission for the year ended June 30, 2016 are set out on pages 22 to 38.

Commissioners

The members of the Commission who served during the year are shown on pages (v) to (ix)



Anne R. Gitau (Mrs.)
Commission Secretary/CEO

Date: 20/1/2017

STATEMENT OF COMMISSION'S RESPONSIBILITIES

The Public Finance Management Act, 2012 require the Commissioners to prepare financial statements in respect of the Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results of the Commission for that year. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the Commission's assets.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission as at the end of the financial year ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2016, and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Commissioners to indicate that the Commission will not remain a going concern for at least the next 12 months from the date of this statement.


Approval of the Financial Statements

The Commission's financial statements were approved by the Commission on 20th January 2017 and signed on its behalf by:

Sarah J. C. Serem, EBS (Mrs.)
Chairperson



Anne R. Gitau (Mrs.)
Commission Secretary/CEO



REPORT OF THE INDEPENDENT AUDITORS ON THE SALARIES AND REMUNERATION COMMISSION

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF SALARIES AND REMUNERATION COMMISSION FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Salaries and Remuneration Commission set out on pages 1 to 18, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts 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 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for 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 47 of the Public Audit Act, 2015.

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 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. 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

Report of the Auditor-General on the Financial Statements of Salaries and Remuneration Commission for the year ended 30 June 2016

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 Salaries and Remuneration Commission as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Salaries and Remuneration Commission Act, 2013 and the Public Finance Management Act, 2012.

Other Matter

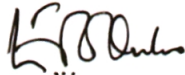
Accounting Systems

The Commission uses two accounting systems to maintain books of account, quick books accounting software and Integrated Financial Management System-IFMIS. These two systems are not integrated and as a result transactions are not captured in both systems concurrently. Whereas quick books accounting system uses accrual method of accounting, IFMIS is cash based. The Commission's financial statements for the year ended 30 June 2016 have been prepared on accrual basis based on quick books accounting system. Audit review revealed that the financial statements reflect balances which differ from IFMIS trial balance figures as analyzed below.

Account Details	Financial Statements Balance (Kshs)	IFMIS Trial Balance (Kshs)	Difference (Kshs)
Total Revenue	970,113,156.00	970,041,900.00	71,256.00
Total Expenses	773,909,242.00	839,419,101.55	65,509,859.55
Total Assets	382,316,501.80	1,704,081,670.85	(1,321,765,169.00)
Total Liabilities	11,083,244.00	19,934,400.45	(8,851,156.45)

Report of the Auditor-General on the Financial Statements of Salaries and Remuneration Commission for the year ended 30 June 2016

The resulting differences are as a result of varying treatment of transactions in the two accounting systems which however have not been reconciled.



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

Nairobi

16 May 2017

Report of the Auditor-General on the Financial Statements of Salaries and Remuneration Commission for the year ended 30 June 2016

I. Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2016

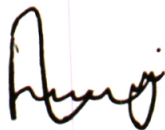
		2015/2016	2014/2015
	Notes	Kshs.	Kshs.
REVENUE			
I Revenue from Non-Exchange Transactions			
Exchequer Transfers	3	970,000,000	596,500,000
		-	-
		<u>970,000,000</u>	<u>596,500,000</u>
II Revenue from Exchange Transactions			
Other Income	4	113,156	248,746
		113,156	248,746
		<u>113,156</u>	<u>248,746</u>
Total Revenue		<u>970,113,156</u>	<u>596,748,746</u>
EXPENDITURE			
Employee Benefits	5	233,233,363	156,681,892
Board Expenses	6	54,787,827	43,396,800
General Expenses	7	180,389,908	153,718,061
Depreciation & Amortization	8	37,277,491	32,175,940
Repairs & Maintenance	9	5,022,346	4,530,516
Contracted Services	10	260,435,207	204,357,814
Total Expenses		<u>771,146,142</u>	<u>594,861,023</u>
Surplus/(Deficit) for the year		<u>198,967,014</u>	<u>1,887,723</u>

The notes set on pages 27 to 38 form an integral part of the Financial Statements.

II. Statement of Financial Position AS AT 30TH JUNE 2016

	Notes	<u>2015/2016</u> Kshs	<u>2014/2015</u> Kshs
ASSETS			
Current Assets			
Cash and Cash Equivalents	11	274,172,895	21,417,506
Receivables from exchange transactions	12	<u>28,250,545</u>	<u>47,548,535</u>
		<u>302,423,440</u>	<u>68,966,041</u>
Non-Current Assets			
Property, Plant & Equipment	13a	76,252,182	108,096,808
Intangible Assets	13b	<u>3,675,390</u>	<u>6,451,525</u>
		<u>79,927,572</u>	<u>114,548,333</u>
		<u>382,351,012</u>	<u>183,514,374</u>
LIABILITIES			
Current Liabilities			
Other Payables from Exchange Transactions	15	2,578,322	14,895,954
Current Employee Benefits Obligation	14	<u>3,984,620</u>	<u>3,690,161</u>
		<u>6,562,942</u>	<u>18,586,115</u>
Staff Gratuity		6,942,556	4,520,302
Leave Prov.		3,690,161	3,984,620
TOTAL LIABILITIES		<u>10,632,717</u>	<u>8,504,922</u>
Net Assets		<u>371,267,768</u>	<u>157,985,703</u>
Represented by:			
Equity			
Accumulated Surplus		371,267,768	157,985,703
		<u>371,267,768</u>	<u>157,985,703</u>

The financial statements set out on pages 22 to 38 were signed on behalf of the Commission on 20th Jan.2017 by:



Anne R. Gitau (Mrs.)
Commission Secretary



Sarah J. C. Serem, EBS (Mrs.)
Chairperson

III. Statement of Changes in Net Assets

FOR THE YEAR ENDED 30 JUNE 2016

	Accumulated Fund	Total Fund
	<u>Kshs</u>	<u>Kshs</u>
Balance as at 30 June 2014	156,097,980	156,097,980
Surplus/(Deficit) for the Year	1,887,723	1,887,723
Balance as at 30 June 2015	157,985,703	157,985,703
Prior periods adjustments	14,315,051	14,315,051
Surplus/(Deficit) for the Year	198,967,014	196,203,914
Balance as at 30 June 2016	371,267,768	368,504,668

IV. Statement of Cash Flows

		<u>2015/2016</u>	<u>2014/2015</u>
	Notes	Kshs	Kshs
Cash flows from Operating Activities			
Surplus/(deficit) from operating Activities		198,967,014	1,887,723
Non cash Movements			
Depreciation	8	34,501,356	30,685,943
Amortization		2,776,135	1,489,998
Decrease in Receivables from Exchange Transactions	12a	19,297,990	(33,391,068)
Increase in provisions relating to Employee Costs		294,459	850,866
Gain on Disposal of lost Computer Equipment		(5,279)	
Prior Period Adjustments		14,315,051	
Increase in Payables from Exchange Transactions	14 & 15	(14,739,887)	9,849,957
Net Cash flows from Operating Activities		<u>255,406,839</u>	<u>11,373,419</u>
Cash flows from Investing Activities			
Purchase of Non-Current Assets	13a	(2,797,610)	(16,428,704)
Purchase of Intangible Assets	13b	-	(4,390,860)
Proceeds from insurance Compensation of lost equipment		146,160	-
Net Cash flows from investing activities		<u>(2,651,450)</u>	<u>(20,819,564)</u>
Cash flows from Financing Activities		-	-
Net Increase/(Decrease) in cash and cash equivalents		<u>252,755,389</u>	<u>(9,446,145)</u>
Cash and cash equivalents at 1st July 2015		21,417,506	30,863,651
Cash and Cash Equivalents as at 30th June 2016		<u>274,172,895</u>	<u>21,417,506</u>

V. Statement of Comparison of Budget and Actual Amounts

	Original Budget 2015/2016	Budget Adjustments 2015/2016	Final Budget 2015/2016	Actual on Comparison Basis 2015/2016	Performance Difference 2015/2016
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Exchequer Allocation					
Sale of Tender Documents	722,732,086	247,481,331	970,213,417	970,000,000	213,417
Commission on IPPD Check off	100,000	-	100,000	42,900	57,100
Revenue from disposal of assets	-	-	-	64,977	(64,977)
Total Income	-	-	-	146,160	(146,160)
	<u>722,832,086</u>	<u>247,481,331</u>	<u>970,313,417</u>	<u>970,254,037</u>	<u>59,380</u>
Expenses					
Employee Benefits	240,837,855	(7,200,000)	233,637,855	233,233,363	404,492
Board/Commission Expenses	45,000,000	18,260,000	63,260,000	54,787,827	8,472,173
Repairs Et Maintenance	8,575,000	3,063,000	11,638,000	5,022,346	6,615,654
Contracted Services	216,453,281	170,891,000	387,344,281	260,435,207	126,909,074
General Expenses	211,965,950	62,467,331	274,433,281	180,389,908	94,043,373
Total	<u>722,832,086</u>	<u>247,481,331</u>	<u>970,313,417</u>	<u>733,868,651</u>	<u>236,444,766</u>
Surplus/(Deficit)				<u>236,385,386</u>	<u>(236,385,386)</u>

VI. Notes to the Financial Statements

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

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

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

2. Summary of significant accounting policies

a) Revenue Recognition

i) Revenue from non-exchange transactions-IPSAS 23

Exchequer allocations

The Commission recognizes Revenue from exchequer allocation when the monies are received and asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Commission and fair value of the asset can be measured reliably.

Transfers from other Government entities

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

ii) Revenue from exchange transactions-IPSAS 9

Rendering of Services

The Commission recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of tender documents

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Commission.

b) Budget Information - IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Commission. As a result of the adoption of the accrual basis for budgeting purposes, there are no major timing differences to include in the reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Property, Plant and Equipment - IPSAS 17

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

parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The depreciation on the assets disposed during the financial year is calculated up to the month of disposal.

It is the policy of the Commission to charge full depreciation on all its non-current assets in the year of purchase and no depreciation in the year of disposal.

d) Intangible Assets - IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

e) Provisions - IPSAS 19

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Contingent liabilities

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

- i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. The amount of the obligation cannot be measured with sufficient reliability.
- The Commission does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

g) Contingent assets

The Commission does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h) Changes in accounting policies and estimates- IPSAS 3

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

i) Employee Benefits - IPSAS 2

Retirement Benefits Plans

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

j) Foreign Currency transactions - IPSAS 4

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

k) Related Parties - IPSAS 20

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

The following transactions were carried out with related parties:

	2015/2016	2014/2015
	Kshs.	Kshs.
Key Management Compensations		
i) Salaries and Other short term employment Benefits	<u>29,137,192</u>	<u>25,551,640</u>
Board Remuneration		
ii) Allowances paid to Commissioners	<u>55,474,007</u>	<u>43,396,800</u>
Grants From Related Parties		
iii) Grants from GOK	<u>970,000,000</u>	<u>596,500,000</u>

l) Leases

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

m) Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at Central bank of Kenya at the end of the financial year.

n) Significant Judgements and sources of estimation uncertainty - IPSAS 1

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

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Commission based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Commission. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

	2015/2016	2014/2015
	Kshs.	Kshs.
Staff Leave Days Provision	<u>3,984,620</u>	<u>3,690,161</u>

Provisions are recognized when:

- i. A reliable estimate can be made of the obligation;
- ii. It is probable that an outflow of resources embodying economic benefits or service;
- iii. Potential will be required to settle the obligation; and
- iv. The Commission has a present obligation as a result of a past event.

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

3. Exchequer Transfers

	2015/2016	2014/2015
	Kshs	Kshs
1st Quarter	60,000,000	10,000,000
2nd Quarter	176,100,000	118,700,000
3rd Quarter	107,300,000	99,500,000
4th Quarter	<u>626,600,000</u>	<u>368,300,000</u>
	<u>970,000,000</u>	<u>596,500,000</u>

4. Other Incomes

	2015/2016	2014/2015
	Kshs	Kshs
Sale of Tender	42,900	193,000
Commission on IPPD Check off	64,977	55,746
Gain/(loss) on disposal	<u>5,279</u>	=
	<u>113,156</u>	<u>248,746</u>

5. Employee Benefits

	2015/2016	2014/2015
	Kshs	Kshs
Salaries and Allowances	190,083,220	142,958,433
Contribution to Pensions	20,816,859	10,062,866
Gratuity	1,713,727	1,421,769
Staff Medical Insurance	16,634,937	1,387,958
Staff leave Days Provision	<u>3,984,620</u>	<u>850,866</u>
	<u>233,233,363</u>	<u>156,681,892</u>

The cost of all short-term employee benefits is recognized during the period in which the employee renders the related service. The provisions for employee entitlements to salaries and annual leave represent the amount which the organization has a present obligation to pay as a result of employees' services provided as at the reporting date. The provisions have been calculated at undiscounted amounts based on current salary rates.

6. Board Expenses

	2015/2016	2014/2015
	Kshs	Kshs
Sitting allowance	45,772,500	43,396,800
Telephone	1,318,665	1,560,055.00
Travel Expenses	<u>7,696,662</u>	<u>9,883,621</u>
	<u>54,787,827</u>	<u>54,840,476</u>

The Board expenses for the comparative FY2014/15 has been reinstated from Ksh 43,396,800 to Ksh 54,840,476. This is due to the re-classification of telephone and travelling expenses that were previously reported under general expenses

7. General Expenses

	2015/2016	2014/2015
	Kshs	Kshs
Domestic Travel Subsistence	46,585,255	11,962,696
Foreign Travel Subsistence	2,807,469	1,356,211
Communication, Supplies and Services	6,683,221	6,807,343
Printing and advertising	4,792,937	20,442,339

Rent and Rates	42,075,178	28,105,200
Training expenses (including capacity building)	5,195,104	2,347,980
Catering Services	7,113,360	3,733,982
Postage & Delivery	1,549,941	983,858
Transport Costs and charges	5,000	-
Insurance	2,264,821	407,630
Boards, Committees, conferences and seminars	53,609,451	53,397,234
Supplies & Accessories for computers & printers	3,063,904	3,711,630
Fuel oil and lubricants	1,231,220	1,501,451
Motor Vehicle Insurances	-	359,938
Plant, Equipment and Machinery Insurance	280,208	1,450,001
Specialized Materials and Supplies	257,138	377,130
Office and General Supplies and services	1,687,838	4,276,212
Membership Fees, Dues and subscriptions	805,063	553,551
Parking charges	<u>382,800</u>	<u>500,000</u>
	<u>180,389,908</u>	<u>142,274,385</u>

8. Depreciation and Amortization

	2015/2016	2014/2015
	Kshs	Kshs
Property, plant and Equipment	34,501,356	30,685,943
Intangible Assets	<u>2,776,135</u>	<u>1,489,998</u>
	<u>37,277,491</u>	<u>32,175,940</u>

9. Repairs & Maintenance

	2015/2016	2014/2015
	Kshs	Kshs
Motor Vehicles	2,281,315	1,486,276
Property, plant and Equipment	<u>2,741,031</u>	<u>3,044,240</u>
	<u>5,022,346</u>	<u>4,530,516</u>

10. Contracted Services

	2015/2016	2014/2015
	Kshs	Kshs
Contracted Professional services	245,214,705	198,765,245
Contracted Guards and Cleaning services	3,094,080	2,676,000
Legal Dues/fees, Arbitration and compensation payments	12,126,423	1,756,570
Audit Fees	=	<u>1,160,000</u>
	<u>260,435,207</u>	<u>204,357,814</u>

11. Cash and cash equivalents

	2015/2016	2014/2015
	Kshs	Kshs
CBK Main operating account	272,186,964	19,854,791
Cash-on hand and in Transit	1,595,348	172,132
CBK Deposit Account	390,583	690,583
CBK Cash 165 Account		<u>700,000</u>
	<u>274,172,895</u>	<u>21,417,506</u>

a.) Banks

Name of the Bank.	Bank A/C No.	Currency	2015/2016	2014/2015
CBK, Nairobi	1000181303	Kshs.	272,186,964	19,854,791
CBK Depost, NBI	1000182121	Kshs.	390,583	690,583
CBK 165 Cash Account	1000182539	Kshs.		<u>700,000</u>
			<u>272,577,547</u>	<u>21,245,374</u>

12. Receivables

	2015/2016	2014/2015
	Kshs	Kshs
Staff Travel & Other Imprests Debtors	-	17,462,192
Prepayments	26,855,386	24,789,508
Deposits	-	4,255,000
Salary Advance	1,395,159	799,548
Withholding Tax recoverable	-	242,287
	<u>28,250,545</u>	<u>47,548,535</u>

13. Non-Current Assets
(a) Property, Plant and Equipment

	Motor Vehicles Kshs	Office Equipment Kshs	Computer Equipment Kshs	Furniture & Fittings Kshs	Total Kshs.
<u>2015/2016</u>	25.0%	33.33%	33.33%	12.5%	
<u>Cost/Valuation</u>					
1-Jul-15	22,419,385	44,150,226	14,012,312	76,654,837	157,236,760
Additions	-	2,797,610	-	-	2,797,610
Disposals	-	-	(213,856)	-	(213,856)
30-Jun-16	<u>22,419,385</u>	<u>46,913,326</u>	<u>13,798,456</u>	<u>76,689,347</u>	<u>159,820,514</u>
<u>Accumulated Depreciation</u>					
1-Jul-15	15,413,327	17,120,333	3,670,389	12,935,903	49,139,952
Charge for the Year	5,604,846	14,715,270	4,599,025	9,582,214	34,501,356
Disposals	-	-	(72,975)	-	(72,975)
30-Jun-16	<u>21,018,174</u>	<u>31,835,603</u>	<u>8,196,439</u>	<u>22,518,117</u>	<u>83,568,332</u>
<u>Netbook Value</u>					
1-Jul-15	7,006,058	27,029,893	10,341,924	63,718,934	108,096,808
30-Jun-16	<u>1,401,212</u>	<u>15,077,723</u>	<u>5,602,018</u>	<u>54,171,230</u>	<u>76,252,182</u>

(b) Intangible Assets

Cost.	2015/2016
1st July 2015	8,329,237
Additions	-
30th June 2016	<u>8,329,237</u>
Amortization 33.33%	
1st July 2015	1,877,712
for the year	<u>2,776,135</u>
30th June 2016	<u>4,653,847</u>
Net Book Value	
30th June 2016	<u>3,675,390</u>

14. Employment Benefits Obligation

	Opening Bal.	Additional Prov.	Withdrawals	Closing Bal
Staff Gratuity	6,942,556	1,713,727	(4,135,981)	4,520,302
Leave Prov.	3,690,161	3,984,620	(3,690,161)	3,984,620
	<u>10,632,717</u>	<u>5,698,347</u>	<u>(7,826,142)</u>	<u>8,504,922</u>

15. Other Payables from exchange transactions

	2015/2016	2014/2015
	Kshs.	Kshs.
i) Current-Payables		
Local Creditors	1,752,163	12,872,959
Other Payroll Liabilities	191,322	172,412
Contractors retention	390,584	690,583
Withholding Tax payable	244,252	-
Audit fees	-	<u>1,160,000</u>
	<u>2,578,322</u>	<u>14,895,954</u>

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

ii) Pending Bills

The Commission had pending bills totaling Kshs.1.75 million from its suppliers of goods and services as at 30th June 2016. Details of these Bills and the reasons thereof are as listed in annexure I. All the Commissions pending bills have been adequately provided for in its budgetary provisions and will not require additional funding from external parties.

16. Financial Risk Management

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

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

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

a) Credit Risk Management

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

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

- i. Cash and short-term deposits are placed with well-established financial institutions of high quality and credit standing and also approved by the National Treasury;
- ii. Funds are invested in short-term facilities; and
- iii. The organization does not raise debtors in its ordinary course of business.

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

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

a) Credit Risk Management

	2015/2016 Kshs.	2014/2015 Kshs.
Cash at Bank	274,172,895	21,417,506
Prepayments	26,855,386	24,789,508
Deposits	-	4,255,000
Staff Travel Imprests	-	17,462,192
Salary Advances	1,395,159	799,548
Withholding Tax recoverable	-	242,287
	302,423,440	68,966,041

All the Commission's receivables are fully performing and are expected to be repaid.

b) Liquidity Risk Management

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

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

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

	2015/2016 Kshs.	2014/2015 Kshs.
Trade payables all due within 30 days	1,752,163	12,872,959
Payroll Deductions	191,322	172,412
Provisions	8,504,921	3,690,161
Contractors retention	390,584	690,583
	<u>10,838,990</u>	<u>17,426,115</u>

17. Contingent liabilities/Assets

i. Litigation Case against the Commission by a former employee.

The Commission has a litigation case in court relating to the claim by the Former CEO of Kshs 16,519,706 in respect to terminal dues and damages. The Commission has not recognized this amount in its books as a contingent liability.

ii. Gratuity payment for employees on contract.

The Commission has not provided for any claims for gratuity payment in respect of employees on contract in its current year operating budget. This is estimated at Kshs.4,520,302 as at the close of the FY 2015/2016. The Commission did not include the arrears in its budget for 2015/2016. In the event of any employee on contracts opts for separation in the course of the year, the Commission faces the possibility of a claim that will require budgetary support over and above its current operating budget for 2015/2016.

18. Comparatives

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



19. Subsequent Events

There have been no events subsequent to the financial year end with significant impact on the financial statements - for the year ended June 30, 2016.

CHALLENGES AND WAY FORWARD

Challenges

In execution of its mandate during the year, the Commission experienced some challenges which included the following:

- a) Budgetary constraints: This led to procurement of job evaluation for two sectors (Disciplined Services; and Public Universities, Research and Tertiary Education Institutions) to be re-advertised. There was also inadequacy of funds for implementation of activities which were not related to job evaluation exercise. Some planned activities such as such as capacity building for stakeholders on compliance and development of remuneration and benefits management bill and regulations could not be implemented as planned;
- b) Late release of supplementary budget, leaving the Commission with limited time for implementation of its planned activities;
- c) Job evaluation was time consuming delaying the implementation of some planned activities;
- d) Late commencement of job evaluation for the two remaining sectors owing to initial inadequacy of funds and litigations.

Way Forward

The Commission will continue to sensitize the public on its role and mandate and also engage more with the National Treasury and development partners on financial and necessary technical support.

List of Cases Handled by the Commission during the Year (2015/2016)

No.	Institution	Case	Status
FIRST QUARTER			
1.	County Public Service Boards (CPSB)	Review of Remuneration	Partially solved
2.	Constituency Development Fund (CDF) Board	Appeal for Salary Adjustment	Deferred
3.	Office of the Deputy President	Request for Authority to Pay Extraneous Allowance	Pending
4.	Kenya Water Towers Agency	Appeal on Review of Allowances	Closed
5.	Anti-genital Mutilation Board	Approval of a Salary Structure for staff	Closed
6.	Dedan Kimathi University of Technology and the UASU, KUSU and KUDHEIHA (2014-2017)	Proposed Collective Bargaining Agreement (CBA)	Closed
7.	Kenya Film Classification Board (KFCB)	Appeal for Salary Review	Closed
8.	UWEZO Fund Oversight Board Secretariat	Request for Review of Remuneration	Closed
9.	Kenya National Examination Council (KNEC) Staff	Salary Review	Closed
10.	Members Appointed to Committees and Taskforces	Payment of Allowances	Closed
11.	Council of Legal Education	Appeal on the Remuneration Structure	Partially solved
12.	Vision 2030 Secretariat	Appeal on the Review of Salaries	Closed
13.	Judicial Service Commission	Guidance on Payment for Transport Allowances to Judges	Closed
14.	County Public Service Board.	Provision of Housing and other Benefits to Deputy County Governors	Closed
15.	Office of Auditor General	Review of Salaries	Pending
16.	Postal Corporation of Kenya	CBA between the Management of Postal Corporation of Kenya (PCK) and Communication Workers Union (COWU)	Deferred
17.	Anti-FGM Board	Extraneous Allowance	Closed
18.	Kenya National Commission for UNESCO (KNATCOM)	Request for Realignment and Compression of Salary Structure	Closed
19.	Kenya National Innovation Agency and National Research Fund	A Request for Approval of Allowances for Selection Panel Members for the Recruitment of Chairperson and Members	Deferred
20.	Tourism Regulatory Authority	Appeal on the Approved Salary Structure	Closed
21.	County Assembly Public Service Board	Appeal on Nominated MCA's Mileage Allowance	Closed
22.	Ethics and Anti-Corruption Commission (EACC)	Payment of Risk Allowance to Former Commissioner of EACC	Closed
23.	Power of Mercy Advisory Committee (POMAC)	Insurance Cover for Members Power of Mercy Committee	Closed

No.	Institution	Case	Status
24.	Office of the Director of Public Prosecutions	Review of Medical Insurance Cover for Office of the ODPP	Closed
25.	County Assembly Public Service Board West Pokot	Remuneration of Absorbed Clerk to the County Assembly of West Pokot	Closed
26.	Office of Auditor General	Proposal for Review of Salary Structure for the Office of Auditor General	Deferred
27.	Postal Corporation of Kenya	CBA for Postal Corporation	Closed
28.	Kenya Forest Service	Remuneration for the Director of Kenya Forest Service	Closed
SECOND QUARTER			
29.	Tourism Fund	Request to Review House Allowances	Closed
30.	Universities Funding Board Selection Panel	Remuneration for Chairperson and Members of Universities Funding Board Selection Panel	Closed
31.	Independent Elections and Boundaries Commission (IEBC)	Mortgage Scheme An Inquiry by CEO of IEBC Related to Mortgage of State Officers and the Need for SRC to Provide Guidance	Closed
32.	Tourism Fund	Request for Review of House Allowance	Closed
33.	Universities Funding Board Selection Panel	A Request for Advice on Remuneration for Chairperson and Members	Closed
34.	Kenya National Examination Council (KNEC)	A Request for Salary Review for CEO	Closed
35.	Technical University of Mombasa (TUM)	Appeal on Proposed CBA between Technical University of Mombasa (TUM) and Kenya University Staff Union (KUSU) for the Period 2013-2017 on Leave Allowance	Closed
36.	Agrochemicals and Food Company (ACFC)	Request for Approval of CBA between Agrochemicals and Food Company (ACFC) and Kenya Chemical and Allied Workers Union (KCAWU)	Closed
37.	National Aids Control Council (NACC)	A Request for Salary Review for Staff of National Aids Control Council (NACC)	Closed
38.	Bomet County Public Service Board	Request by Clerk to Bomet County for Clarification on Salary Scale for Position of County Attorney	Closed
39.	County Public Service Boards	Request for Review of Conditions of Service for County Executive Committees (CEC)	Deferred
40.	Director of Public Prosecutions Human Resource Advisory and Training Committee	Payment of Allowances to Office of the Director of Public Prosecutions Human Resource Advisory and Training Committee Members	Pending
41.	National Council For Population and Development (NCPD)	Request for Salary Review	Closed

No.	Institution	Case	Status
42.	Uwezo Fund Oversight Board Secretariat	Appeal to Review Interim Salary Package for CEO and Extraneous Allowance	Closed
43.	Intergovernmental Relations Technical Committee (IGRTC)	Request for Extraneous Allowances for Staff	Pending
44.	Mombasa County Government	Medical Scheme for Public Officers Serving in the Mombasa County Government	Closed
45.	PARLSCOM	Request for Enhancement of Medical Cover for Members of Parliament	Closed
46.	Affirmative Action Social Development Fund (AASDF)	Request for Remuneration of Board Members and Secretariat	Closed
47.	Women Enterprise Fund (WEF)	Review of Board Allowances	Closed
48.	Makueni Sand Conservation and Utilization Authority	Request for Salaries and Allowances	Closed
49.	Office of the Auditor-General	Proposal for Review of the Salary Structure	Closed
50.	Kenya Plant Health Inspectorate Services (KEPHIS)	Review of Remuneration	Closed
51.	PARLSCOM and CAPSB	Proposed Review of Mileage Allowance for Members of Parliament and MCAs	Closed
52.	Small Horticultural Marketing Programme (SHOMAP)	Proposed Payment of Extraneous Allowance	Closed
53.	National Cereals and Produce Board (NCPB)	Proposed CBA between the National Cereals and Produce Board (NCPB) and the Kenya Union of Commercial Food and Allied Workers Union (KUCFAW)	Closed
54.	Capacity Development Project (CDP)	Payment of a Top Up Allowance for David Wamahiu Kiboi – Project Manager Capacity Development Project (CDP)	Closed
THIRD QUARTER			
55.	Tana & Athi Rivers Development Authority (TARDA)	Request to Advice on the Registration of the CBA for TARDA and National Union of Water and Sewerage Employees (NUWASE)	Closed
56.	Kenya Agricultural and Livestock Research Organization (KALRO)	Request to Advice on the Salary Structure	Closed



No.	Institution	Case	Status
57.	Presidential Escort Unit (PEU), GSU Presidential Guards Sub Unit, RECCE Company and Bomb Disposal Unit	Brief on Review of Allowances for PEU, GSU Presidential Guards Sub Unit, RECCE Company and Bomb Disposal Unit	Closed
58.	Water Services Trust Fund (WSTF)	Review of Salary of CEO	Closed
59.	National Cohesion and Integration Commission (NCIC)	Appeal on Remuneration for NCIC Commissioners	Closed
60.	Public Service Commission (PSC)	Review of Allowances in the Public Service	Pending
61.	Technical University of Kenya (TUK)	CBA for the Technical University of Kenya (TUK) and Kenya Universities Staff Union (KUSU) for the Period 2012/2013	Closed
62.	Muhoroni, Chemelil and Sony Sugar Companies	Proposed CBA between Sugar Employers Group of FKE (Muhoroni (In Receivership), Chemelil and Sony Sugar Companies) and Kenya Union of Sugar Plantations and Allied Workers (KUSPAW)	Closed
63.	Kenya Civil Aviation Authority (KCAA)	KCAA Collective Bargaining Agreement with Kenya Aviation Workers Union (KAWU) (2013/2015)	Closed
64.	University of Nairobi (UoN) Council	Request for Advice on the Provisional CBA between the University of Nairobi (UoN) Council and Kenya Universities Staff Union (KUSU), University Academic Staff Union (UASU) and KUDHEIHA Workers for the Period 2013/2017	Closed
65.	Public Service Commission	Issues Raised for Review in the Circular of Allowances in the Public Service	Closed
66.	Kenya Film Classification Board	Appeal for Advice on Salary Review for the Staff of Kenya Film Classification Board	Closed
67.	County Assembly Public Service Boards	Proposed Standard Organizational, Grading and Salary Structures for all County Assemblies	Partially solved
68.	National Construction Authority	Remuneration and Benefits for the Chief Executive Officer of National Construction	Closed
69.	Kenya Pipeline Company Ltd (KPC), and Capital Markets Authority (CMA)	Bonus Proposal	Deferred

No.	Institution	Case	Status
70.	Egerton University	CBA between Egerton University and KUSU	Closed
71.	KNATCOM	Review of Salaries	Closed
FOURTH QUARTER			
72.	Moi Teaching and Referral Hospital (MTRH)	Legal Committee: CBA	Deferred
73.	Judicial Service Commission	Judges Retirement, Proposed Judges Retirement Benefits	Closed
74.	Teachers Service Commission	Brief on TSC CBA	Deferred
75.	PARLSCOM	Request for Medical Cover Entitlement for Members of Parliament with Two Spouses	Closed
76.	Office of the Director of Public Prosecutions (ODPP)	Review of Remuneration of Staff	Pending
77.	Kenya School of Government	Resubmission of Salary Structure	Closed
78.	Judicial Service Commission	Appeal on Payment due to Hon. Justice (Rtd) Jonathan B. Havelock for Forfeiting Official Transport	Closed
79.	PARLSCOM	Mileage Allowance	Closed
80.		Sitting Allowance	Closed



**Salaries & Remuneration
Commission**

Rewarding productivity

William House, 6th Floor, 4th Ngong Avenue
P.O. Box 43126-00100 Nairobi, Kenya
Tel: +254 (20) 2710051/71/81, 2724571

Email: info@src.go.ke

Twitter: [@srckenya](https://twitter.com/srckenya)

Facebook: [salaries and remuneration commission](https://www.facebook.com/salariesandremunerationcommission)

Website: www.src.go.ke

PARLIAMENT
OF KENYA
LIBRARY



Adler + AD

By the leader of
majority party
Hon. Aden Duale
on 7/11/2017
[Signature]



AMEN
ENYA
ARY

Salaries & Remuneration Commission

Rewarding productivity

ANNUAL REPORT 2015/2016

