

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

**THE AUDITOR-GENERAL**

**ON**

**SALARIES AND REMUNERATION  
COMMISSION MORTGAGE AND CAR  
LOAN SCHEME FUND**

**FOR THE YEAR  
ENDED 30 JUNE, 2022**



Salaries & Remuneration  
Commission  
Rewarding productivity

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**SALARIES AND REMUNERATION COMMISSION  
MORTGAGE AND CAR LOAN SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2022**

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

**Salaries and Remuneration Commission – Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30th June 2022**

**TABLE OF CONTENTS**

ABBREVIATIONS AND ACRONYMS .....	iii
1. KEY FUND INFORMATION AND MANAGEMENT .....	iv
2. FUND ADMINISTRATION COMMITTEE .....	vi
3. CHAIRPERSON'S REPORT.....	viii
4. REPORT OF THE OFFICER ADMINISTERING THE FUND .....	ix
5. CORPORATE GOVERNANCE STATEMENT.....	x
6. MANAGEMENT DISCUSSION AND ANALYSIS.....	xi
7. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xii
8. REPORT OF THE FUND ADMINISTRATION COMMITTEE.....	xiv
9. STATEMENT OF THE OFFICER ADMINISTERING FUNDS RESPONSIBILITY.....	xv
10. REPORT OF THE INDEPENDENT AUDITOR.....	xvi
11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022.....	1
12. STATEMENT OF FINANCIAL POSITION.....	2
13. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022 .....	3
15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022 .....	4
16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS .....	5
17. NOTES TO THE FINANCIAL STATEMENTS.....	7
ANNEXES .....	12

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**ABBREVIATIONS AND ACRONYMS**

FY	Financial Year
HR	Human Resource
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Ksh	Kenya Shillings
MOU	Memorandum of Understanding
PFM	Public Finance Management Act / Regulations
SRC	Salaries and Remuneration Commission

# Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022

## 1. KEY FUND INFORMATION AND MANAGEMENT

### 1. Background information

Salaries and Remuneration Commission (SRC) is established under Article 230 of the Constitution of Kenya, 2010, to:

- a) Set and regularly review the remuneration and benefits of all State officers; and
- b) Advise the national and county governments on the remuneration and benefits of all other public officers.

Scheme Fund was established in line with the constitutional principles under Article 230(5) of the Constitution of Kenya, 2010 on attraction and retention of requisite skills in the public service. The Scheme Fund is owned by the Commission and domiciled in Kenya.

### 2. Principal activities

The Scheme Fund's principal activity is to offer low interest loan facilities to members of the Commission for the purchase of motor vehicles, existing residential property, purchase of land and construction, renovation and improvement of an existing residential property, and takeover of loans on existing mortgages or equity release.

### 3. Key management

The Mortgage and Car Loan Scheme Fund Committee, which is made up of the management team representatives and officers of the Commission, execute the Scheme Fund's day-to-day operations.

The Scheme Fund's Committee members, who served during the Quarter ended 30 June 2022, and who had direct fiduciary responsibility were;

- |                        |  |
|------------------------|--|
| 1) Margaret Njoka      | Director Corporate Services (Chairperson)                        |
| 2) Dr. Hillary Patroba | Director Remuneration Services                                   |
| 3) Samuel Makori       | Head, Human Resource and Administration (Secretary)              |
| 4) James Sitienei      | Head, Legal Services Department                                  |
| 5) Anthony Mwangi      | Head, Corporate Communications Department                        |
| 6) CPA Mary Konuche    | Head, Finance and Accounts Department                            |
| 7) Gregory Ogwel       | Principal Officer Job Evaluation and Salary Structure Department |
| 8) Milka Kiplagat      | Records Management Officer, Registry                             |

### 4. Fiduciary Oversight Arrangements

The Scheme Fund is administered by Co-operative Bank. The Fund also has a Staff Mortgage and Car Loan Advisory Committee, which oversees the implementation and administration of the scheme, as well as coordinates and engages with the Co-operative Bank in the management of the Scheme Fund on behalf of SRC. The authority to appoint members of the Advisory Committee rests with the Commission Secretary. The Scheme Fund's Committee members comprise Heads of Directorates, and six other members of staff appointed by the Chief Executive Officer (CEO).

### 5. Scheme Fund Registered Offices

Williamson House, 6th Floor,  
4th Ngong Avenue  
P.O. Box 43126, GPO-00100,  
Nairobi, Kenya

## **Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022**

### **6. Contacts information**

Tel: +254 (20) 2710065/81

Tel: +254 (20) 2710071/73

Tel: +254 794 587 903

Email: [info@src.go.ke](mailto:info@src.go.ke)

Website: <https://www.src.go.ke/>

Twitter – @srckenya: <https://bit.ly/2Rw2b0a>

Instagram – @srckenya: <https://bit.ly/30ZFzbH>

Flickr – srckenya: <https://bit.ly/3dsPcEV>

Facebook – @SRCKE: <https://bit.ly/3aJkVkB>

LinkedIn – Salaries and Remuneration Commission: <https://bit.ly/2U4khZ4>

YouTube – Salaries and Remuneration Commission: <http://tiny.cc/o3cjoz>

### **7. Fund Bankers and Administrators**

Co-operative Bank of Kenya Limited

Haile Selassie Avenue

P.O Box 48231, GPO-00100

Nairobi, Kenya

### **8. Independent auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084, GPO-00100

Nairobi, Kenya

### **9. Principal legal adviser**

The Attorney General

State Law Office

Harambee Avenue




P.O. Box 40112

City Square 00200





Nairobi, Kenya

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**2. FUND ADMINISTRATION COMMITTEE**

 <p><b>Margaret Njoka</b> <b>Chairperson/Director</b> <b>Corporate Services</b></p>	<p>Ms. Njoka is the Director of Corporate Services, appointed to that position in February 2017. She holds a Master’s Degree in Business Administration and Bachelor’s Degree in Commerce (Accounting), both from the Kenyatta University. She is a Certified Public Accountant (K), Credit Management Professional and a qualified and Human Resource and Administration practitioner.</p> <p>Ms. Njoka has over 15 years of experience in finance and HR in senior management in both the public and private sector.</p>
 <p><b>Dr. Hillary Patroba,</b> <b>Director, Remuneration</b> <b>Services</b></p>	<p>Dr. Hilary Patroba is the Director, Remuneration Services, appointed to the position in January 2020. His experience spans public and private sector organisations. He holds a PhD in Economics from Stellenbosch University.</p>
 <p><b>Samuel K. Makori</b> <b>Member/Head, Human</b> <b>Resources and</b> <b>Administration</b></p>	<p>Mr. Makori is the Head of Human Resources and Administration, with more than 25 years of experience in the public service. He has a Master’s degree in Business Administration (MBA-HRM option) and a Post Graduate Diploma in HR and Business Management and a member of the Institute of Human Resource Management.</p> <p>He Joined the Commission in 2013 where he has steered the HR and Administration function from inception to the current status. Mr. Makori has previously worked with the Kenya Revenue Authority, Kenya Instituted of Curriculum Development and the Kenya Railways, among others.</p>
 <p><b>James Sitienei</b> <b>Member/Head, Legal</b> <b>Services</b></p>	<p>Mr. Sitienei is the Head of Legal Services. He holds a Bachelor’s and Master’s degrees in law and is an advocate of the High Court of Kenya. He has more than 20 years of experience in the private and public sectors.</p>

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

 <p><b>Mary Konuche</b> <b>Member/ Head, Finance and Accounts</b></p>	<p>Ms. Konuche is a Certified Public Accountant and holds a Master degree in Business Administration. She is currently the Head of Finance and Accounting at the Commission and has over 14 years of experience in the public service.</p>
 <p><b>Anthony Mwangi</b> <b>Member/Head, Corporate Communications</b></p>	<p>Mr. Mwangi is the Head of Corporate Communications, with more than 20 years of experience. He possesses a Bachelor’s and Master’s degrees in Mass Communication and Journalism.</p> <p>He has past work experience in the communications field with the United Nations system, international organisations, civil society organisations and the private sector, having also worked in some countries at the international level.</p>
 <p><b>Gregory Ogwel</b> <b>Member/Principal Officer, Job Evaluation and Salary Structure</b></p>	<p>Mr. Ogwel is the Principal Officer in the Job Evaluation and Salary Structure Department. He holds a Master’s Degree in Economics from the University of Nairobi and Bachelor’s Degree in Economics and Mathematics from Egerton University.</p> <p>He has more than 11 years of experience in the public service. He previously worked with the Ministry of State for Planning and National Development as an Economist/Statistician II.</p>
 <p><b>Milka Kiplagat</b> <b>Member/Records Management Officer, Registry</b></p>	<p>Ms. Kiplagat works in the Human Resource and Administration Department as a Records Management Officer. She holds a Bachelor’s Degree in Library and Information Science, with more than 34 years of experience in the public service.</p>

## **Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022**

### **3. CHAIRPERSON'S REPORT**

The Salaries and Remuneration Commission established a Staff Mortgage and Car Loan Scheme Fund Committee whose objective is to coordinate and engage with the Co-operative Bank in the management of the Scheme Fund on behalf of SRC. The Scheme Fund's Committee members are drawn from all the directorates.

The Commission, in consultation with the Co-operative Bank, developed internal rules and a Memorandum of Understanding (MOU), which are binding on matters relating to the Scheme Fund. They set out rules, regulations and guidelines on accessibility of the loans, as well as requirements to be met by the applicants.

The key objective of the Scheme Fund is to support employees acquire a mortgage facility and car loan as a way of motivation and retention of staff at the Commission. It also enhances loyalty and commitment to the Commission.

The Scheme Fund has since supported 35 members of staff and disbursed **Ksh 202,270,151**. The Co-operative Bank continues to carry out due diligence for all loan applications so as to minimise risks in acquiring property.

The Committee shall endeavour to support staff through the continuous engagement with the Co-operative Bank and ensure more employees benefit from the Scheme Fund.

  
**Margaret N. Njoka**  
**Chairperson,**  
**SRC Staff Mortgage and Car Loan Scheme Fund**  
**Date: 2<sup>nd</sup> December 2022**

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**4. REPORT OF THE OFFICER ADMINISTERING THE FUND**

The Staff Mortgage and Car Loan Scheme Fund was established in February 2019. As at the close of the period, the Scheme Fund had received **Ksh 272,550,603** from the National Treasury and disbursed **Ksh 202,270,151** to successful applicants.

The Scheme's funds were utilised in accordance with the provisions of the Public Finance Management (PFM) Act, 2012, the Public Financial Management Regulation, 2015, and all other applicable legislation and for the purpose for which it was intended.

The Scheme Fund's principal activity is to offer low interest loan facilities to members of the Commission for the purchase of existing residential property, construction, purchase of land and construction and improvement, takeover or equity release and purchase of motor vehicles for personal use.

The Scheme Fund's administrators hereby submit their report together with the audited financial statements for the year ended 30 June 2022, which show the state of the Scheme Fund's affairs.



**Mrs. Anne R. Gitau, MBS  
COMMISSION SECRETARY/CEO  
Date: 2<sup>nd</sup> December 2022**

## **Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022**

### **5. CORPORATE GOVERNANCE STATEMENT**

The Salaries and Remuneration Commission established a Mortgage and Car Loan Scheme Fund Advisory Committee, which oversees the implementation and administration of the Scheme, as well as coordinates and engages with the Co-operative Bank in the management of the Scheme Fund on behalf of SRC.

The authority to appoint members of the Advisory Committee rests with the Commission Secretary/CEO. The Scheme Fund's Committee members comprise the Heads of Directorates, and six other members of staff appointed by the Commission Secretary/CEO.

The functions and duties of the Advisory Committee are as follows:

- a) Liaise with the service provider to set up a revolving fund for the disbursement of the loans;
- b) Supervise the day-to-day running of the Scheme Fund;
- c) Forward the successful applications with recommendations to the service provider for approval;
- d) Process applications for loans in accordance with the existing terms and conditions of borrowing;  
and
- e) Any other scheme related administration activities.

The membership of the Committee nominates, from among themselves, a liaison officer whose roles include:

- a) To open and manage a bank account for the Scheme Fund;
- b) Supervise the administration of the Scheme Fund;
- c) Cause to be kept books of account in relation to the Scheme Fund of all the loans financed from the Scheme Fund;
- d) Furnish such information regarding the administration of the Scheme Fund as may be required for examination and audit by the Auditor General or under any law;
- e) Designate or appoint such staff as may be necessary to assist the administration of the Scheme Fund and may require such staff to carry out such inspections as may be necessary to verify any information submitted under the regulations.

During the year, the Committee held three meetings. The Committee, jointly with the Co-operative Bank, also carried out one staff sensitisation session during the financial year.

# Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022

## 6 MANAGEMENT DISCUSSION AND ANALYSIS

### A) OPERATIONAL AND FINANCIAL PERFORMANCE

#### 1. Strategic direction

The Scheme Fund is now in its fourth year of operation. The main objective of the Scheme Fund is to provide financial support for the acquisition of a mortgage facility and car loan at a subsidised interest rate relating to;

- i. Home development loans
- ii. Acquisition or purchase of residential homes
- iii. Purchase of land for home construction
- iv. Purchase of motor vehicles

As at the close of the financial year, the Scheme Fund's financial position was **Ksh 272,550,603** in capital and **Ksh 3,989,479** as interest earned from unutilised funds held in the call-deposit account. During the year, the Scheme Fund had 18 withdrawals amounting to **Ksh 78,238,331**. The Scheme Fund closed with a balance of **Ksh 111,913,099** of which **Ksh 33,002,500** had been committed for applications awaiting the verification process.

#### 2.) Financial performance analysis

The scheme Fund's approved budget for the financial year is **Ksh 55.3 million** compared to the final approved budget for the previous financial year which was **Ksh 58.15 million**. The full year's allocation was received and transferred to the fund.

### B.) FUND'S KEY PROJECTS OR INVESTMENTS DECISION IMPLEMENTED OR ONGOING

The Scheme's unspent funds were invested in an on-call deposit account. During the year, the funds earned interest amounting to **Ksh 3.95 million**.

### C.) COMPLIANCE WITH STATUTORY REQUIREMENTS

The Scheme Fund administrators are required to comply with various laws and constitutional provisions, which include the PFM Act 2012, PFM Regulations 2015, SRC Act 2011, among others. The Scheme Fund is compliant with the statutory requirements.

### D.) MAJOR RISKS FACING THE SCHEME

#### Liquidity risk

Liquidity risk is the risk that the Scheme Fund will not be able to meet financial obligations when they fall due. This risk is managed by ensuring that the Scheme Fund is liquid enough to meet its obligations whenever they fall due. This has since been managed over the previous years by ensuring sufficient budget allocations are appropriated to the Scheme Fund.

#### Credit risk

Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. The Scheme Fund's exposure to credit risk is low owing to the fact that properties acquired are charged to the bank, and thus, held as security. The administrator also mitigates the risk by strictly scrutinising the prevailing financial state of the borrower before processing an application.

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**D.) MAJOR RISKS FACING THE FUND, MATERIAL ARREARS IN STATUTORY AND OTHER FINANCIAL OBLIGATIONS**

The Scheme Fund does not have any material arrears in statutory of financial obligations.

**E.) THE SCHEME FUND'S FINANCIAL PROBITY AND GOVERNANCE ISSUES**

The Scheme Fund operates through a Committee, whose main role is to oversee its operations and implementation by both the Administrator and the Commission. The Committee's membership is drawn from two directorates and three departments of the Commission for inclusivity purposes.

## **Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022**

### **7. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Commission is established under Article 230 of the Constitution of Kenya, 2010, to: set and regularly review the remuneration and benefits of all State officers; and advise the national and county governments on the remuneration and benefits of all other public officers.

This is SRC's purpose; the driving force behind everything that the Commission does. It is what guides the Commission to deliver on its strategy, which is founded on six core values: Fairness, Accountability, Collaboration, Integrity, Innovation and Transparency.

The SRC Mortgage and Car loan scheme fund is managed under the umbrella of the Commission and therefore the key parameters on Environmental, Employee welfare and Corporate Social Responsibility of the Commission apply to the fund.

#### **Sustainability strategy and profile**

The seed capital of the fund is Ksh.400 Million which is based on the number of staff and expected loan uptake. For the past three financial years, the Commission has disbursed **Ksh. 272.55 Million** to the fund and has **Ksh. 64.5Million** factored in the approved budget for the Financial year 2022/23. The scheme fund is revolving and measures have been put in place to mitigate against Liquidity and credit risks.

# **Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022**

## **8 REPORT OF THE FUND ADMINISTRATION COMMITTEE**

The Chairperson and Members of the Staff Mortgage and Car Loan Advisory Committee submitted their reports together with the audited financial statements for the year ended 30 June 2022, which show the state of the Scheme Fund affairs.

### **Principal activities**

The principal activity of the Scheme Fund is to provide financial support for the acquisition of a mortgage facility and car loan at a subsidised interest rate relating to;

- i. Home development loans
- ii. Acquisition or purchase of residential homes
- iii. Purchase of land for home construction
- iv. Purchase of motor vehicles

### **Results**

The results of the Scheme Fund for the year ended 30 June 2022 are set out on Pages 1 to 8.

### **Chairperson and Members of the Advisory Committee**

The Chairperson and Members of the Advisory Committee who served during the year are shown on Page iv to vii.

### **Auditors**

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

By Order of the Advisory Committee



**Margaret N. Njoka**  
**Chairperson,**  
**SRC Staff Mortgage and Car Loan Scheme Fund**  
Date: 2<sup>nd</sup> December 2022

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**9. STATEMENT OF THE OFFICER ADMINISTERING FUNDS RESPONSIBILITIES**

Section 84(1) of the PFM Act, 2012, requires that, at the end of each financial year, the Administrator of a Fund established by the Salaries and Remuneration Commission circular SRC/ADM/CIR/1/13 Vol.III (128) of 17 December 2014, on car loan and Mortgage Scheme for State officers and other public officers of the Government of Kenya, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on 30 June 2022.

This responsibility includes: (a) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (b) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund, (c) 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, (d) safeguarding the assets of the fund; (e) selecting and applying appropriate accounting policies, and (f) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012, and Salaries and Remuneration Commission circular SRC/ADM/CIR/1/13 Vol.III (128) of 17 December 2014 on Car Loan and Mortgage Scheme for State officers and other Public Officers of Government of Kenya.

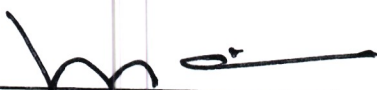
The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended 30 June 2022, and of the Fund's financial position as at that date.

The Administrator confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements, and the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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


**Approval of the financial statements**

The Scheme Fund's financial statements were approved by the Commission on 14<sup>th</sup> September 2022 and signed on its behalf by:



**Mrs. Lyn Mengich  
Chairperson**

Date: 2<sup>nd</sup> December 2022

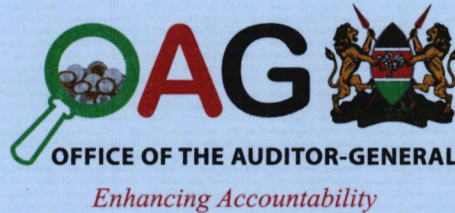


**Mrs. Anne R. Gitau, MBS  
Secretary/Chief Executive Officer**

Date: 2<sup>nd</sup> December 2022

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON SALARIES AND REMUNERATION COMMISSION MORTGAGE AND CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2022**

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### PREAMBLE

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

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

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

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

## REPORT ON THE FINANCIAL STATEMENTS

### **Opinion**

I have audited the accompanying financial statements of Salaries and Remuneration Commission Mortgage and Car Loan Scheme Fund set out on pages 1 to 12 which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Salaries and Remuneration Commission Mortgage and Car Loan Scheme Fund as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Salaries and Remuneration Commission (SRC Staff Mortgage) Regulations, 2017, the Salaries and Remuneration Commission (SRC Staff Car Loan) Regulations, 2017, and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

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

## **Basis for Conclusion**

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

**15 December, 2022**

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**11 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

Description	Note	2021/22	2020/21
		Ksh	Ksh
<b>Revenue from exchange transactions</b>			
Interest income	17	3,956,618	364,215
Interest on individual staff mortgage and car loan	18	2,888,191	1,990,330
		<b>6,844,809</b>	<b>2,354,545</b>
<b>Total revenue</b>		<b>6,844,809</b>	<b>2,354,545</b>
<b>Expenses</b>			
Fund administration expenses	19	2,888,191	1,990,330
General expenses		-	-
With holding tax	17	593,493	54,632
<b>Total expenses</b>		<b>3,481,684</b>	<b>2,044,962</b>
<b>Surplus for the period</b>		<b>3,363,125</b>	<b>309,583</b>

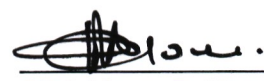
{The notes set out on Pages 7 to 11 form an integral part of these Financial Statements}

The financial statements were approved on 14<sup>th</sup> September 2022 and signed by:

  
**Mrs. Lyn Mengich**  
**Chairperson**

Date: 2<sup>nd</sup> December 2022

  
**Mrs. Anne Gitau, MBS**  
**Commission Secretary/  
 Chief Executive Officer**  
 Date: 2<sup>nd</sup> December 2022

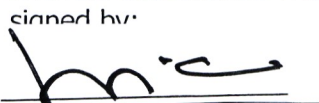
  
**CPA Mary C. Konuche**  
**Head of Finance and Accounts**  
**ICPAK No: 9824**  
 Date: 2<sup>nd</sup> December 2022

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**12. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

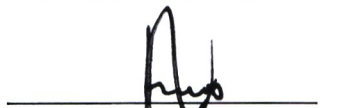
	Note	2021/22	2020/21
		Ksh	Ksh
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	20	111,913,099	112,945,777
Current receivables from exchange transactions for car loan	21	3,741,114	1,557,961
Current receivables from exchange transactions for mortgage	21	9,452,874	7,468,057
<b>Total Current assets</b>		<b>125,107,087</b>	<b>121,971,795</b>
<b>Non-current assets</b>			
Long term receivables from exchange transactions for car loan	21	10,283,769	3,882,057
Long term receivables from exchange transactions for mortgage	21	141,797,351	92,077,737
<b>Total Non-Current Assets</b>		<b>152,081,120</b>	<b>95,959,794</b>
<b>Total assets</b>		<b>277,188,207</b>	<b>217,931,589</b>
<b>Liabilities</b>			
Trade and other payables from exchange transactions		-	-
Withholding tax		648,125	54,632
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>276,540,082</b>	<b>217,876,957</b>
<b>Equity</b>			
Revolving Fund	22	272,550,603	217,250,603
Accumulated surplus		3,989,479	626,353.75
<b>Total Net Assets</b>		<b>276,540,082</b>	<b>217,876,957</b>
<b>Total Net Assets and Liabilities</b>		<b>276,540,082</b>	<b>217,876,957</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Scheme Fund financial statements were approved on 14<sup>th</sup> September 2022 and signed by:



**Mrs. Lyn Mengich**  
Chairperson

Date: 2<sup>nd</sup> December 2022



**Mrs. Anne Gitau, MBS**  
Commission Secretary/  
Chief Executive Officer

Date: 2<sup>nd</sup> December 2022



**CPA Mary C. Konuche**  
Head of Finance and Accounts  
ICPAK No: 9824

Date: 2<sup>nd</sup> December 2022

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**


**13.STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022**

	Note	Mortgage and Car Loan Scheme Fund	Total
			Ksh
<b>Balance as at 1 July 2020</b>		<b>159,416,771</b>	<b>159,416,771</b>
Surplus for the period		309,583	309,583
Funds received during the year	23	58,150,603	58,150,603
Transfers		-	-
<b>Balance as at 30 June 2021</b>		<b>217,876,957</b>	<b>217,876,957</b>
<b>Balance as at 1 July 2021</b>		<b>217,876,957</b>	<b>217,876,957</b>
Surplus for the year	17	3,363,125	3,363,125
Funds received during the year	23	55,300,000	55,300,000
Transfers		-	-
<b>Balance as at 30 June 2022</b>		<b>276,540,082</b>	<b>276,540,082</b>

  
Mrs. Lyn Mengich  
Chairperson

Date: 2<sup>nd</sup> December 2022

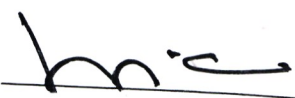
  
Mrs. Anne Gitau, MBS  
Commission Secretary/  
Chief Executive Officer  
Date: 2<sup>nd</sup> December 2022

  
CPA Mary C. Konuche  
Head of Finance and Accounts  
ICPAK No: 9824  
Date: 2<sup>nd</sup> December 2022

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	No te	2021/22	2020/2021
		Ksh	Ksh
<b>Cash flows from operating activities</b>			
Surplus	17	3,363,125.00	309,583
Withholding tax		593,493	54,632
(Increase) in Current Receivables		(4,082,489)	(9,026,018)
(Increase) in Non-Current Receivables		(56,206,807)	(95,959,794)
<b>Net cash flows from operating activities</b>		<b>(56,332,678)</b>	<b>(104,621,597)</b>
<b>Cash flows from investing activities</b>			
Transfer from the SRC Main A/c		-	159,416,771
Additional Capital during the year	23	55,300,000	58,150,603
<b>Net cash flows used in investing activities</b>		<b>55,300,000</b>	<b>217,567,374</b>
<b>Cash flows from financing activities</b>			
		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,032,678)</b>	<b>112,945,777</b>
Cash and cash equivalents at 1 July (Beginning)	20	112,945,777	-
<b>Cash and cash equivalents at 30 June (End)</b>	20	<b>111,913,099</b>	<b>112,945,777</b>



**Mrs. Lyn Mengich  
Chairperson**

Date: 2<sup>nd</sup> December 2022



**Mrs. Anne Gitau, MBS  
Commission Secretary/  
Chief Executive Officer**

Date: 2<sup>nd</sup> December 2022



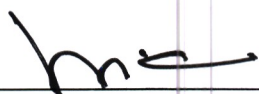
**CPA Mary C. Konuche  
Head of Finance and Accounts  
ICPAK No: 9824**

Date: 2<sup>nd</sup> December 2022

Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022

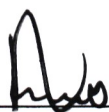
**15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	a	b	C=(a+b)	d		E=(d/c)
	Ksh	Ksh	Ksh	Ksh	Ksh	
<b>Revenue</b>						
Commission Transfers	55,300,000	-	55,300,000	55,300,000	-	100%
Interest income	-	-	-	3,956,618	3,956,618	100%
Interest on individual staff mortgage and car loan	-	-	-	2,888,191	2,888,191	100%
<b>Total income</b>	<b>55,300,000</b>	<b>-</b>	<b>55,300,000</b>	<b>62,144,809</b>	<b>6,844,809</b>	<b>100%</b>
<b>Expenses</b>						
Fund administration expenses	-	-	-	2,888,191	2,888,191	100%
General expenses	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,888,191</b>	<b>2,888,191</b>	<b>100%</b>
<b>Net Income</b>	<b>55,300,000</b>	<b>-</b>	<b>55,300,000</b>	<b>59,256,618</b>	<b>3,956,618</b>	<b>107%</b>



Mrs. Lyn Mengich  
Chairperson

Date: 2<sup>nd</sup> December 2022



Mrs. Anne Gitau, MBS  
Commission Secretary/  
Chief Executive Officer

Date: 2<sup>nd</sup> December 2022



CPA Mary C. Konuche  
Head of Finance and Accounts  
ICPAK No: 9824

Date: 2<sup>nd</sup> December 2022

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**a.) Explanation notes for differences between actual and budgeted amounts (10 per cent and over/under)**

The Scheme Fund exceeded the budgeted interest income from unspent amounts by 13 per cent. This is as a result of a lower loan uptake rate than was expected.

**b.) Explanation note for changes between original and final budget.**

The changes in original and final budget for the interest income was as a result of lower uptake rate that was had been anticipated.

**c.) The Scheme Fund is administered by Co-operative Bank at an administrative cost of 3 per cent.** This cost is borne by the successful applicants on a reducing balance basis.

## **Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022**

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

#### **16.1 General Information**

SRC is established by and derives its authority and accountability from Article 230 of the Constitution, and was operationalised by SRC Act, 2011. The Commission is wholly owned by Government of Kenya (GoK) and is domiciled in Kenya. The Commission's principal activity is to set and regularly review the remuneration and benefits of all State officers, and to advise the national and county governments on the remuneration and benefits of all public officers.

The Staff Mortgage and Car Loan Scheme Fund is established by, and derives its authority and accountability from the Salaries and Remuneration Regulations of 2017.

#### **16.2 Statement of compliance and basis of preparation**

The Scheme Fund's financial statements have been prepared in accordance with and comply with IPSAS. The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Scheme Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

#### **16.3 Early adoption of standards**

The Scheme Fund did not adopt any new or amended standards in year 2021/22.

### **Summary of significant accounting policies and notes to the financial statement**

#### **a) Revenue recognition**

##### **Revenue from exchange transactions**

Revenue is recognised in the period in which it is earned. Income is not accrued if its recoverability is doubtful. Revenue constitutes all incomes accruing to the Fund in the form of interest earned on an utilized fund. The rate applicable during the year was 3 per cent.

#### **b) Budget information**

The original budget for the FY 2021/2022 was approved. Subsequent revisions or additional appropriations may be made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Scheme Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Scheme Fund will record any additional appropriations on the FY 2021/2022 budget following the governing body's approval.

#### **c) 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.

## **Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022**

Bank account balances include amounts held at the Central Bank of Kenya and Co-operative bank at the end of the financial year.

### **d) Fund Account**

The Scheme Fund is enhanced gradually on an annual basis through appropriations from the Commission's budget. Further, all interest is recouped back to the Scheme Fund. The Scheme Fund was mainly established in order to enable members purchase motor vehicles, acquire existing residential property, purchase of land and construct, renovate and improve existing residential property, and takeover loans on existing mortgages or equity release. The facility is extended to applicants at an interest rate of 3 per cent, which are funds utilised by the bank for administration of the Scheme Fund. The account is a revolving fund, which receives recoveries made from the disbursed funds.

### **e.)Comparative figures**

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

### **f.)Events after the reporting period**

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

### **g.)Ultimate and Holding Entity**

The Scheme Fund is a Public Fund established under the Salaries and Remuneration Commission. Its ultimate parent is the Salaries and Remuneration Commission.

### **h) Currency**

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

### **i.)Financial risk management**

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

#### **Credit risk management**

Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. The Scheme Fund's exposure to credit risk is low owing to the fact that properties acquired are charged to the bank and thus held as security. The Administrator also mitigates the risk by strictly scrutinising the prevailing financial state of the borrower before processing an application.

#### **Liquidity risk management**

Liquidity risk is the risk that the Scheme Fund will not be able to meet financial obligations when they fall due. This risk is managed by ensuring that the Scheme Fund is liquid enough to meet its obligations whenever they fall due. This has since been managed over the previous years by ensuring sufficient budget allocations are appropriated to the Scheme Fund.

## **Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30 June, 2022**

### **Interest rate risk**

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

### **Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with a local commercial Bank regulated by the Central Bank of Kenya and negotiate for favourable interest rates from time to time in tandem with prevailing market rates and economic conditions.

### **Capital risk management**

The objective of the Scheme Fund's capital risk management is to safeguard the Scheme Fund's ability to continue as a going concern. The Scheme Fund capital structure comprises reserves, recoveries and additional transfers.

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**17. Interest Income**

Description	Cumulative to date 2021/22	Comparative Prior Year 2020/21
	Ksh	Ksh
Interest on call deposit	3,956,618	364,215
Less 15% Withholding tax	(593,493)	(54,632)
<b>Total other income</b>	<b>3,363,125</b>	<b>309,583</b>

**18 Interest on individual staff mortgage and car loan; 3%**

Description	Cumulative to date 2021/22	Comparative Prior Year 2020/21
	Ksh	Ksh
Interest on individual staff mortgage and car loans	2,888,191	1,990,330
<b>Total other income</b>	<b>2,888,191</b>	<b>1,990,330</b>

**19 Fund administration expenses**

Description	Cumulative to date 2021/22	Comparative Prior Year 2020/21
	Ksh	Ksh
Administrative cost	2,888,191	1,990,330
<b>Total cost</b>	<b>2,888,191</b>	<b>1,990,330</b>

The Fund administration expense is charged on the applicants at the rate of three percent (3%) per annum payable by the loanee on a reducing balance basis.

**20 Cash and cash equivalents**

Description	Cumulative to date Year 202/22	Comparative Prior Year 2020/21
	Ksh	Ksh
On-call deposits	111,913,099	<b>112,945,777</b>
Current account		
<b>Total cash and cash equivalents</b>	<b>111,913,099</b>	<b>112,945,777</b>

Five applications worth **Ksh 33,002,500** were going through the normal verification process and these funds had already been set aside, therefore the actual cash available for lending was **Ksh 78,910,599**.

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**21 Receivables from exchange transactions**

Description	Cumulative to date	Comparative Prior Year
	Ksh	Ksh
<b>Current Receivables</b>		
Current loan repayments from car loan	3,741,114	1,557,961
Current loan repayments from mortgage	9,452,874	7,468,057
Less: impairment allowance	-	-
<b>Total Current receivables</b>	<b>13,193,988</b>	<b>9,026,018</b>
<b>Non-Current receivables</b>	-	-
Long term loan repayments due from car loan	10,283,769	3,882,057
Long term loan repayments due from mortgage	141,797,351	92,077,737
<b>Total receivables</b>	<b>152,081,120</b>	<b>95,959,794</b>
<b>Total receivables</b>	<b>165,275,108</b>	<b>104,985,812</b>

**22. Equity**

	Revolving Fund	Accumulated surplus	Total
<b>Balance as at July 2020</b>	<b>159,100,000</b>	<b>316,771</b>	<b>159,416,771</b>
Fund transfer during the year	58,150,603	-	
Surplus for the year	-	309,583	
<b>Balance as at July 2021</b>	<b>*217,250,603</b>	<b>*626,354</b>	<b>217,876,957</b>
Fund transfer during the year	55,300,000		
Surplus for the year		3,363,125	
<b>Balance as at July 2022</b>	<b>272,550,603</b>	<b>3,989,479</b>	<b>276,540,082</b>

\*Revolving fund for the previous year was Kshs 217,567,374. This amount was inclusive of accumulated surplus of Kshs 316,771 which was removed and reported under accumulated surplus; Therefore, the reported balances is Kshs 217,250,603.

\*Previous accumulated surplus of Kshs 316,771 which was reported under revolving fund is captured under accumulated surplus. Therefore, previous reported accumulated surplus is Kshs 626,354

**23. Transfers from the National Treasury**

Description	Cumulative to date	Comparative Prior Year
	2021/22	2020/21
	Ksh	Ksh
Transfers from the National Treasury	55,300,000	58,150,603
<b>Total other income</b>	<b>55,300,000</b>	<b>58,150,603</b>

**Salaries and Remuneration Commission –Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30 June, 2022**

**ANNEXES**

**Appendix 1: Implementation Status of Auditor-General’s Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: <i>(Resolved / Not Resolved)</i></b>	<b>Timeframe: <i>(Put a date when you expect the issue to be resolved)</i></b>
	There were no audit issues raised from the report of the previous financial year			



.....  
**Mrs. Anne R. Gitau, MBS**  
**COMMISSION SECRETARY/CEO**  
**Date: 2<sup>nd</sup> December 2022**