

REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY	
REPORT	
DATE: 01 AUG 2023	DAY: TUESDAY
TABLED BY: OF	Hon. Naomi Wago, MP Deputy Majority Whip
CLERK-AT-THE-TABLE:	Benson Inzofu

THE AUDITOR-GENERAL

ON

**KENYA UNIVERSITIES AND COLLEGES
CENTRAL PLACEMENT SERVICE STAFF
MORTGAGE AND CAR LOAN SCHEME**

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





**KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE
STAFF MORTGAGE AND SCHEME ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED
30 JUNE, 2022**

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

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1. KEY KUCCPS STAFF MORTGAGE AND CAR LOAN SCHEME INFORMATION AND MANAGEMENT

a) Background information

The Kenya Universities and Colleges Central Placement Service (KUCCPS) Staff Mortgage and Car Loan Scheme is established pursuant to the Salaries and Remuneration Commission Circular No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014 on Schemes for State Officers and Other Public Officers of Government of Kenya, National Treasury Circular ZZ/MOF/26/03/86 of 16th September 2015 and ZZ/MOF/26/03/86/A (134) of 16th March 2016 to all public bodies. The Scheme is wholly owned by Kenya Universities and Colleges Central Placement Service located in Nairobi, Kenya.

b) Principal Activities

The principal activities of the KUCCPS Staff Mortgage and Car Loan Scheme:

- a) To enable KUCCPS staff to access mortgage facilities;
- b) To enable KUCCPS staff to purchase cars.

The Scheme is administered by the Housing Finance. There is a committee appointed by the Chief Executive Officer charged with the responsibility of;

- i. Processing loans from applicants in accordance with laid down approved regulations;
- ii. Setting up a revolving Scheme for the disbursement of loans; and
- iii. Supervising the day-to-day operations of the Scheme.

The Vision of KUCCPS

The organisation's Vision is "An equitable, fair and efficient placement service." The core values of the entity are customer centricity, integrity, access and equity, innovativeness and teamwork.

The Mission of KUCCPS

To nurture careers through advisory services and placement to educational and training institutions.

c) KUCCPS Staff Mortgage and Car Loan Scheme Committee

The Staff Mortgage and Car Loan Scheme Committee was re-constituted during the financial year with the following members;

No.	Designation	Name
1.	Chairperson	Dr. John Oluoch
2.	Member	Michael Kimani
3.	Member	Nyamambia Nyaribo
4.	Member	Peter Gatumu
5.	Member	Sarah Mwaniki
6.	Member	Julius Mutuku
7.	Scheme Secretary	Maxwell Okoth
8.	Scheme Administrator	Dr. Agnes Mercy Wahome

d) Key Management

No.	Designation	Name
1.	Chief Executive Officer	Dr. Agnes Mercy Wahome
2.	Director, Corporate Services	Christine Mwaka
3.	Director, Strategy, Planning, Quality Assurance & Compliance	Dr. Christopher Yegon
4.	Director, Placement Coordination and Career Development	Dr. John Oluoch
5.	Finance Manager	Michael Kimani
6.	Manager, Human Resource and Administration	Nicholas Kanisa
7.	Manager, Placement Coordination and Career Development	Nancy Soila
8.	Manager, Information, Communication and Technology	Joseph Mwanja
9.	Manager, Supply Chain Management	Daina Kibogo
10.	Manager, Research and Knowledge Management	Dr. Victoria Gioto
11.	Manager, Corporate Communication and Customer Experience	Paul Juma
12.	Manager, Legal and Corporation Secretary	Faith Kaluai

e) Fiduciary Oversight Arrangements

The Placement Service has put in place measures and structures to enforce fiduciary and oversight arrangements and ensure compliance. These structures comprise the Parliamentary Committees, Placement Board and Committees of the Board.

f) Registered Offices

P.O. Box 105166-00101,
ACK Garden House, 1st Ngong Avenue, Community Area
Nairobi, Kenya

g) KUCCPS Staff Mortgage and Car Loan Scheme Contacts

Telephone: (+254) 020 5137400, 0723954927, 0734879662
E-mail: ceo@kuccps.ac.ke
Website: www.kuccps.ac.ke

h) KUCCPS Staff Mortgage and Car Loan Scheme Bankers

HFC
Rehani House,
Koinange Street/Kenyatta Avenue
P.O. Box 30088, 00100, Nairobi, Kenya





i) Independent Auditors

Auditor-General
Office of the Auditor-General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya





j) Principal Legal Adviser

The Attorney-General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



2. FUND ADMINISTRATION COMMITTEE

No.	Management Member	Details
1.	<p>Dr. John Oluoch, PhD, MPRSK, MIHRM</p>  <p>Chairperson, Director, Placement Coordination & Career Development Chairperson, KUCCPS Staff Mortgage and Car Loan Scheme Committee</p> <p><i>PhD and Master's Degree in Communication Studies, Postgraduate Diploma in Strategic and Human Resource Management, Postgraduate Diploma in Public Relations, Bachelor's degree in Education</i></p>	<p>The Director, Placement Coordination & Career Development is responsible for coordinating and overseeing placement coordination and career development functions.</p>
2.	 <p>CPA Michael Kimani Manager, Finance</p> <p><i>MBA (UoN), B Com. (KU), CPA-K, Member ICPAK</i></p>	<p>The Finance Manager is responsible for budgeting, budgetary control, financial management and reporting at the Placement Service.</p>
3.	 <p>Nyamambia Nyaribo Ag. Corporation Secretary and Legal Manager</p> <p><i>LLB (CUEA), Dip. Law (KSL), Member, LSK, CPM (K)</i></p>	<p>The Corporation Secretary and Legal Manager is responsible for management and administration of the Legal Department, statutory compliance and regulatory requirements.</p>
4.	 <p>Maxwell Okoth Manager, Human Resource and Administration</p> <p><i>MBA, B. Com. (UoN), Dip. HRM (KIM), Member IHRM</i></p>	<p>The Human Resource and Administration Manager is responsible for human capital management and administrative support services at the Placement Service. Mr. Okoth left the corporation within the last quarter of the financial year.</p>

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5.	 <p>Peter Gatumu Ndirangu, Placement Coordination and Career development Officer BSc. UoN</p>	Placement Coordination and Career development Officer
6.	 <p>Sarah Mwaniki, Placement Coordination and Career development Officer (Huduma Centre, Nyeri) B. Ed.</p>	Placement Coordination and Career development Officer (Huduma Centre, Nyeri)
7.	 <p>Julius Mutuku Senior Office Assistant</p>	Assists in transport activities coordination.
8.	 <p>Dr. Agnes Mercy Wahome, PhD Scheme Administrator and Chief Executive Officer <i>PhD (Health Communication, JKUAT), M.A. Medical Sociology & B.A. Sociology and Communication (UON), Dip. Community Oral Health (KMTC), Dip. Leadership in Strategic Health Communication (Johns Hopkins Center for Communication Program, USA)</i></p>	The CEO is responsible for the day-to-day operations at the Placement Service.

3. MANAGEMENT TEAM

No.	Management Member	Details
9.	 <p>Dr. Agnes Mercy Wahome, PhD Scheme Administrator Chief Executive Officer</p> <p><i>PhD (Health Communication, JKUAT), M.A. Medical Sociology & B.A. Sociology and Communication (UON), Dip. Community Oral Health (KMTTC), Dip. Leadership in Strategic Health Communication (Johns Hopkins Center for Communication Program, USA)</i></p>	<p>The CEO is responsible for the day-to-day operations at the Placement Service.</p>
10.	 <p>Dr. Christopher Yegon, PhD, MKIM, Director, Strategy, Planning, Quality Assurance & Compliance</p> <p><i>PhD in Business Administration (JKUAT), MBA (UoN), Bachelor of Business Management (Moi), Diploma in Education</i></p>	<p>The Director, Strategy, Planning, Quality Assurance & Compliance is responsible for coordinating and overseeing the strategy and planning, research and knowledge management, quality assurance, risk and compliance functions in the organisation.</p>
11.	 <p>Dr. John Oluoch, PhD, MPRSK, MIHRM Director, Placement Coordination & Career Development Chairperson, KUCCPS Car Loan and Mortgage Scheme Committee</p> <p><i>PhD and Master's Degree in Communication Studies, Postgraduate Diploma in Strategic and Human Resource Management, Postgraduate Diploma in Public Relations, Bachelor's degree in Education</i></p>	<p>The Director, Placement Coordination & Career Development is responsible for coordinating and overseeing placement coordination and career development functions.</p>




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12.		<p>Christine Mwaka Director, Corporate Services</p> <p><i>MBA, Finance (UON), B. Education (Moi), CPA (K), Member (ICPAK, KIM, Institute of Directors (IOD))</i></p>	<p>The Director, Corporate Services is responsible for coordinating and overseeing the Directorate of Corporate Services incorporating the ICT, Human Resource & Administration, Corporate Communication & Customer Experience and Finance functions.</p>
13.		<p>CPA Michael Kimani Manager, Finance</p> <p><i>MBA (UoN), B Com. (KU), CPA-K, Member ICPAK</i></p>	<p>The Finance Manager is responsible for budgeting, budgetary control, financial management and reporting at the Placement Service.</p>
14.		<p>Nyamambia Nyaribo Ag. Corporation Secretary and Legal Manager</p> <p><i>LLB (CUEA), Dip. Law (KSL), Member, LSK, CPM (K)</i></p>	<p>The Corporation Secretary and Legal Manager is responsible for management and administration of the Legal Department, statutory compliance and regulatory requirements.</p>
15.		<p>Maxwell Okoth, Manager, Human Resource and Administration</p> <p><i>MBA, B. Com. (UoN), Dip. HRM (KIM), Member IHRM</i></p> <p>(Exited In April ,2022)</p>	<p>The Human Resource and Administration Manager is responsible for human capital management and administrative support services at the Placement Service.</p>
16.		<p>CPA Faith Musya, Manager, Internal Audit</p> <p><i>MBA, B. Ed. (UoN), CPA-K, Member IIA, ICPAK</i></p>	<p>The Internal Audit Manager is responsible for financial and systems audit, assurance and risk advisory services at the Placement Service.</p>

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17.		<p>Daina Kibogo, Manager, Supply Chain Management</p> <p><i>M. Sc. Procurement & Logistics (JKUAT), B.A. (Egerton), Dip. Supply Chain Management (ICM-UK), Member ICM, KISM</i></p>	<p>The Supply Chain Manager is responsible for procurement and supply chain operations at the Placement Service.</p>
18.		<p>Paul Juma Manager, Corporate Communication</p> <p><i>MA Communication Studies, B. Ed. (UoN), Member PRSK</i></p>	<p>The Corporate Communication Manager is responsible for the administration and management of publicity, corporate communication and customer experience at the Placement Service.</p>
19.		<p>Nancy Soila, Manager, Placement and Career Services</p> <p><i>MBA (KU), B. Ed (Moi), Member KIM</i></p>	<p>The Placement and Career Services Manager is responsible for career guidance and placement programmes and activities at the Placement Service.</p>
20.		<p>Dr. Victoria Gioto, PhD, Manager, Research and Knowledge Management</p> <p><i>PhD Climate Change & Adaptation, MA (Population Studies & Research), BSc. Mathematics (Statistics), Diploma in Management Information System, Member, IMIS.</i></p>	<p>The Manager, Research and Knowledge Management is responsible for the research and knowledge management operations.</p>

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21.		<p>CHRP Nicholas Kanisa, FIHR Manager, Human Resource and Administration <i>Secretary, Mortgage and Car loan Committee</i></p> <p><i>MSc. Human Resource Management (JKUAT), BSc. Human Resource Management (Moi), International Higher Diploma in HRM (Cambridge), Diploma in HRM (Moi), Certified Human Resource Professional of Kenya, Fellow of the Institute of Human Resource Management</i></p>	<p>The Manager, Human Resource and Administration is responsible for human capital management and administrative support services. CHRP Kanisa joined the corporation in the last quarter of the financial year.</p>
22.		<p>Ms. Faith Kaluai, Manager, Legal and Corporation Secretary</p> <p><i>LLM (KU), LLB (Moi), Dip. Law (KSL), Higher Diploma, HR Management, Member, LSK</i></p>	<p>The Manager, Legal and Corporation Secretary is responsible for legal and corporation secretarial matters. Ms. Kaluai joined the corporation in the last quarter of the year ended.</p>
23.		<p>Mr. Joseph Mwanja, Manager, ICT</p> <p><i>MBA (Management Information Systems), BSc. ICT</i></p>	<p>The ICT manager is responsible for information communication technology operations at the Placement Service. Mr. Mwanja joined the corporation in the quarter under review.</p>

4. CHAIRMAN'S STATEMENT



The Placement Service is pleased to present the Staff Mortgage and Car Loan Annual Report and Financial Statements for the year ended 30 June, 2022.

The Scheme provides staff with the opportunity to buy, build or improve a house using a mortgage loan that is repayable within a term of up to 20 years.

The KUCCPS Scheme also facilitates staff to acquire motor vehicles repayable within a term of up to five years. The Scheme is in the fifth year of operation.

Rationale of the KUCCPS Staff Mortgage and Car Loan Scheme

To effectively execute its mandate towards the realisation of its Vision, the Placement Service endeavours to attract, motivate and retain top talent. The Scheme was established as a means to achieving this goal. Through the Scheme, employees access housing and car loans at competitive concessionary interest rates. Since this is a revolving fund, upon a repayment, the funds are lent out to other employees who present an application.

Additionally, by administering the Scheme and providing affordable housing loans to employees, the Placement service will be supporting the Government's objective of providing 500,000 new affordable housing units to the public by 2022 under the "Big 4 Agenda".

Further, the Scheme emanates from the Car Loan and Mortgage Schemes for State and other Public Officers of the Government of Kenya that was established in December 2014 by the Salaries and Remuneration Commission (SRC) in collaboration with the National Treasury. The Placement Service is indeed grateful to the National Treasury and the Salaries and Remuneration Commission for their respective roles in enabling the Scheme to achieve its objectives of facilitating staff access the facility.

Governance and Management of the KUCCPS Staff Mortgage and Car Loan Scheme

The Placement Service has set up a revolving fund to facilitate the operation of the Scheme. KUCCPS also provides the governance and management capacity to run the funds. The loan entitlement and conditions are stipulated in detailed KUCCPS Staff Mortgage and Car Loan Scheme regulations. The staff Mortgage and Car Loan Scheme Committee has been set up to oversee the administration and implementation of the Scheme.

Sustainability of the KUCCPS Staff Mortgage and Car Loan Scheme

Through prudent management of resources, the Placement Service generated the initial capital of Kshs 120 million for the Staff Mortgage and Car Loan Scheme. To ensure sustainability, the Scheme operates as a revolving fund, whereby the repayments by the past beneficiaries are utilised to provide loans to new applicants.

Finally, the Placement Board is grateful to the Government, which through National Treasury and the Ministry of Education, has continued to guide and support the Placement Service to improve the welfare of the staff through the Scheme. It is anticipated that the provision of this facility shall encourage the staff to continue undertaking their duties and responsibilities with zeal and patriotism.



Handwritten signature in blue ink, appearing to read "cmwaka".

Ms. Christine Mwaka
Chairperson, Mortgage and Car Loan Committee

5. REPORT FROM THE SCHEME ADMINISTRATOR



The Placement Service has the pleasure of presenting the Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme's financial statements for the financial year 2021/2022. The financial statements comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Net Assets and Statement of Cash Flows. KUCCPS employed prudent financial management in line with Government Financial Regulations and International Public Sector Accounting Standards (IPSAS) resulting in facilitation of efficient and effective administration of the Scheme.

The Scheme's operations and activities for the Financial Year 2021/2022 included application for loans through the Staff Mortgage and Car Loan Scheme Advisory Committee for review, recommendation and forwarding to the service provider for processing and disbursement. During the year, the Scheme successfully concluded three staff house mortgages valued at Kshs 17 million there were other ongoing projects funded by the Scheme in which the Scheme disbursed funds towards residential houses development amounting to Kshs 13.3 million. During the period the Scheme reviewed its agreement with its bankers HF Bank, to increase uptake of the facility by financing the mortgage up to 100%, retaining motor vehicle at 90% and applying the interest rate as recommended by Salaries and remuneration Committee at 3% down from 5%.

In the financial year, the Scheme capital was built up to Kshs 337 million from 331 million in the financial year 2020/2021. The Placement Service will continue to mobilise budgetary allocations in subsequent financial years to enable all staff to access the facility.

I am grateful to all stakeholders for the successful establishment, funding and administration of the Scheme. I encourage all staff members to utilise the facility for improvement of their welfare and to remain resilient and focused in the performance of their duties.

Dr. Agnes Mercy Wahome,

Chief Executive Officer/ Scheme Administrator

6. CORPORATE GOVERNANCE STATEMENT

a) *Appointment and Removal of Staff Mortgage and Car Loan Committee*

The Secretary/Chief Executive Officer appoints the members to the Staff Mortgage and Car Loan Scheme Committee to oversee the implementation and administration of the Scheme as per the KUCCPS Staff Mortgage and Car Loan Regulations. In appointing the members, the Secretary/Chief Executive Officer ensures that the Placement Service is well represented and more particularly on the key support areas.

b) *Roles and functions of the Advisory Committee members*

The functions of the Staff Mortgage and Car Loan Scheme Committee include;

- i) Receiving and considering staff loan applications and guided by the applicable regulations and recommending to the CEO for approval,
- ii) Reviewing and recommending changes to the Housing Mortgage and Car loan Schemes Regulations,
- iii) Coordinating staff sensitisation and awareness campaigns on the benefits of the Scheme and available products.

c) *Committee Meeting Attendance 2021/2022*

KUCCPS Staff Mortgage and Car Loan Scheme Committee meetings held

S/No.	Date
1.	2 nd July, 2021
2.	15 th December, 2021
3.	2 nd March, 2022

d) *Conflict of Interest*

The Committee members have an ethical duty to act honestly and in the best interest of the Scheme. Accordingly, members are encouraged to recuse themselves from discussing or voting on matters that a conflict of interest may exist.

e) *Induction and Continuous Skills Development*

New Committee members are provided with the tools that are generally relied upon in administering the Mortgage and Car Loan Fund upon being appointed.

7. MANAGEMENT DISCUSSION AND ANALYSIS

a) Financial performance

The Placement Service Staff Mortgage and Car Loan Scheme's operations and activities for the Financial Year 2021/2022 included renegotiation of the Schemes interest rates and re-appointment of the Scheme's administrator Housing Finance.

In the financial year 2021/2022, the Placement Service grew the Scheme from 331 million to 337 million from interest earned.

b) Key projects or investments decision implemented

KUCCPS Staff Mortgage and Car Loan Scheme committee received nine (9) applications for mortgage during the period under review and processed for further consideration with the Scheme.

c) Compliance with statutory requirements

During Financial Year 2021/2022 KUCCPS Staff Mortgage and Car Loan Scheme complied with the statutory requirements.

d) Major risks facing the KUCCPS Staff Mortgage and Car Loan Scheme

Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises from bank balances, trade receivables and amounts due from related parties. The Scheme administrator Housing Finance on behalf of the Placement Service assesses the credit quality of each customer who are staff members, taking in to account its financial position, past experience and other factors.

Interest rate risk

The interest rate risk arises from investments in short term deposits and Government securities. The Scheme has not invested in short term deposits or Government securities.

Price risk

The Placement Service Staff Mortgage and Car Loan Scheme does not hold investments that would be subject to price risk.

Liquidity risk management

This is the risk that the Scheme will not meet its financial obligations when they fall due. The Placement Service approach to managing liquidity is to ensure it has sufficient liquidity to meet its liabilities when they fall due. Additionally, under both normal and stressed conditions, and without incurring unacceptable losses or at the risk of damaging reputation.

KUCCPS 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.

Material errors in statutory/financial obligations

The KUCCPS Staff Mortgage and Car Loan Scheme is up to date in remitting its statutory and financial obligations.

8. REPORT OF STAFF MORTGAGE AND CAR LOAN SCHEME COMMITTEE

The Placement Service hereby submits the report together with the audited financial statements for the year ended 30 June, 2022, which shows the state of the Scheme affairs.

Principal activities

The principal activities of the Scheme continued to be facilitation of the Placement Service employees to acquire own cars for use travel to work and secure residential houses.

Performance

The Financial statements of the Scheme for the year ended 30 June, 2022 are set out on page 1 to 5.

Trustees

The members of the *Administration Committee* who served during the year are shown on pages vi to xi.

Auditors

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

By Order of the Board



Faith Kaluai
Corporation Secretary
Nairobi,

29 September, 2022

9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 requires KUCCPS Staff Car Loan and Mortgage Scheme to prepare financial statements. The Scheme gives a true and fair view of the state of affairs of the financial year and the operating results of Scheme for that year. The Management is also required to ensure that the Scheme keeps proper accounting records, which disclose with reasonable accuracy of the financial position of the Scheme. The Placement Service is also responsible for safeguarding the assets of the Scheme.

KUCCPS is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs for year ended on June 30, 2022. These responsibilities include:

- 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 Scheme;
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv) Safeguarding the assets of the Scheme;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Placement Service takes responsibility for the Scheme's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates. This should be in conformity with International Public-Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and Universities Act, 2012. The Placement Service is of the opinion that financial statements of the Scheme give a true and fair view of the state of the Scheme's transactions during the financial year ended 30 June, 2022. In addition, gives the financial position as at that date.

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements For the year ended 30 June, 2022.**

The Placement Service further confirms the completeness of the accounting records, which are well maintained and could be relied on in the preparation of the KUCCPS Staff Mortgage and Car Loan Scheme financial statements as well as the adequacy of the systems of internal financial control.

However, nothing has come to the attention of the Management to indicate that the Placement Service Staff Mortgage and Car Loan Scheme 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 Placement Service approved the Scheme's Financial Statements on 29th September 2022 and signed on its behalf by:



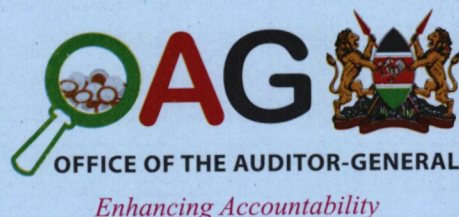
Dr. Agnes Mercy Wahome
Scheme Administrator/ Chief Executive Officer



Christine Mwaka
**Chair/KUCCPS Staff Mortgage &
Car Loan Scheme**

REPUBLIC OF KENYA

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Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2022

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 Schemes are applied for the 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

Qualified Opinion

I have audited the accompanying financial statements of Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme set out on pages 1 to

Report of the Auditor-General on Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2022

23, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in nets assets ,statement of cash flows and summary 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, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Variance between Financial statements and Ledger Schedules Balances

The Fund's statements of financial position reflects two (2) items that varies with ledger schedule balances as shown below.

Description	Balance in the Audited financial statements Kshs.	Balance in the Supporting ledger Schedules Kshs.	Variance Kshs
Statement of Financial Position			
Receivables from Non-Exchange Transactions	150,000,000	95,707,698	54,292,302
Receivables from Exchange Transactions	96,659,250	5,999,797	90,659,453

In the circumstance, validity, accuracy and completeness of the balances in the statement of financial position in respect of receivables from non-exchange and receivables from exchange transactions could not be confirmed.

1.2 Cash and Cash Equivalents

As disclosed in Note 9 to the financial statements, the statements of financial position reflects balance of two (2) Kshs.90,766,022 in respect of cash and cash equivalents. However, review of the certificate of bank balance provided for audit revealed 4 (four)

bank accounts balances totalling to Kshs.187,140,296 resulting to an unexplained and unreconciled variance of Kshs.90,766,022.

1.3 Statement of Financial Performance

Review of the statement of financial performance revealed a nil balance in respect of expenses. However, the staff mortgage and car loans bank statements reflects an amount of Kshs.122,566 in respect of tax on credit and other bank charges are not included as expenses in the statement of financial performance.

In the circumstances, the accuracy and completeness of the nil balance in respect of expenses could not be confirmed.

Basis for Qualified Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme 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 qualified 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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with the Public Sector Accounting Standards Board Requirement on Presentation of the Financial Statements

The Fund submitted the financial statements for audit during the year under review. However, inconsistencies on presentation of the preamble information revealed that the names of the chairperson, chief executive/scheme administrator and manager legal and corporation secretary as per the staff mortgage and car loan scheme committee profile presented was different from persons who signed the financial statements, chairman's

report and staff mortgage and car loan schemes committee reports. Further, Notes to the financial statements were not included.

In the circumstances, the Fund did not comply with the Public Sector Accounting Standards Board (PSASB) guidelines.

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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 controls, risk management and overall governance.

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

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

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

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Scheme's financial reporting process, reviewing the effectiveness of how the 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 governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Scheme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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 June, 2023

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


Description	Note	2021/22 Kshs.	2020/21 Kshs.
Revenue from non-exchange transactions			
Transfers from KUCCPS	6	-	-
		-	-
Revenue from exchange transactions			
Interest income	7	5,999,797	5,784,602
		5,999,797	5,784,602
Total revenue		5,999,797	5,784,602
Expenses			-
Surplus before tax	7	5,999,797	5,784,602
Taxation		(-)	(-)
Surplus after Tax	7	5,999,797	5,784,602

The notes set out on pages 6 to 26 form an integral part of these Financial Statements


The financial statements were approved onby:


.....
Dr. Agnes Mercy Wahome
Chief Executive Officer

29 September, 2022


.....
Michael Kimani
Fund Accountant
ICPAK M/No: 5310

29 September, 2022


.....
Christine Mwaka
Chairperson of the Scheme

29 September, 2022

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


Description	Note	2021/22 Kshs.	2020/21 Kshs.
Assets			
Current assets			
Cash and cash equivalents	9	90,766,022	111,777,645
Receivables from exchange transactions		-	-
Receivables from Non- exchange transactions	10(a)	150,000,000	150,000,000
Total Current Assets		240,766,022	261,777,645
Non-current assets			
Receivables from exchange transactions	10 (b)	96,659,250	69,647,830
Total assets		337,425,271	331,425,475
Liabilities			
Trade and other payables		-	-
Total Current Liabilities		-	-
Total liabilities		-	-
Net assets			
KUCCPS Staff Mortgage & Car Loan Scheme Reserve	11	300,000,000	300,000,000
		-	-
Accumulated surplus	11	37,425,271	31,424,475
Total net assets and liabilities		337,425,271	331,425,475


The accounting policies and explanatory notes on pages 6 to 26 to these financial statements form an integral part of the financial statements set out on pages 1 to 5.

The Placement Service Staff car loan and mortgage Scheme financial statements were approved by the Board and signed its behalf by:


.....
Dr. Agnes Mercy Wahome
Chief Executive Officer

29 September, 2022


.....
Michael Kimani
Fund Accountant
ICPAK M/No: 5310
29 September, 2022


.....
Christine Mwaka
Chairperson of the Scheme
29 September, 2022

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

Description	Accumulated surplus	Staff Car Loan Scheme	Staff Mortgage Scheme	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 1 July 2020	25,640,873	30,000,000	120,000,000	175,640,873
Surplus/(deficit) for the period	5,784,602	-	-	5,784,602
Transfers from KUCCPS	-	20,000,000	130,000,000	150,000,000
As at 30 June 2021	31,425,475	50,000,000	250,000,000	331,425,475
Balance as at 1 July 2021	31,425,475	50,000,000	250,000,000	331,425,475
Surplus for the period	5,999,797	-	-	5,999,797
Transfer from Main account	-	-	-	-
Balance as at 30th June 2022	37,425,272	50,000,000	250,000,000	337,425,272



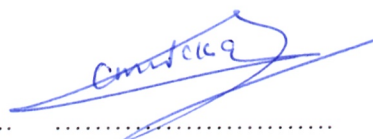
Dr. Agnes Mercy Wahome
Chief Executive Officer

29 September, 2022



Michael Kimani
Fund Accountant
ICPAK M/No: 5310

29 September, 2022



Christine Mwaka
Chairperson of the Scheme

29 September, 2022

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

Description	Note	2021/22 Kshs.	2020/21 Kshs.
Cash flows from operating activities			
Receipts			
Interest received	7	5,999,797	5,784,602
Total receipts	7	5,999,797	5,784,602
Payments			
Total payments		-	-
Net cash flow from operating activities	7	5,999,797	5,784,602
Cash flows from investing activities			
Proceeds from loan principal repayments		4,290,945	5,957,333
Loan disbursements paid out		(31,302,364)	(11,198,227)
Net cash flows used in investing activities		(27,011,419)	(5,240,896)
Cash flows from financing activities			
Receipts into the mortgage & Staff Loan account		-	-
Receipts into Placement Service Staff Car Loan account		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		(21,011,622)	543,708
Cash and cash equivalents at 1 July 2022		111,777,644	111,233,937
Cash and cash equivalents at 30 June 2022	9(c)	90,766,022	111,777,645

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from AG	-	-	-	-	-	0%
Interest income	-	-	-	-	-	0%
Total Revenue	-	-	-	5,999,797	(5,999,797)	
				5,999,797	(5,999,797)	
Expenses						
Use of goods and services	-	-	-	-	-	0%
Finance cost	-	-	-	-	-	0%
Expenditure	-	-	-	-	-	0%
Surplus for the period	-	-	-	-	-	0%
Capital Expenditure	-	-	-	5,999,797	(5,999,797)	
	-	-	-	-	-	0%

16. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Placement Service Staff Mortgage and Car Loan Scheme established pursuant to the Salaries and Remuneration Commission Circular No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014 on staff Car Loan and Mortgage Schemes for State Officers and Other Public Officers of Government of Kenya, National Treasury Circular ZZ/MOF/26/03/86 of 16th September 2015 and ZZ/MOF/26/03/86/A (134) of 16th March 2016 to all public bodies and the KUCCPS staff car loan and mortgage 2017.

2. Statement of Compliance and Basis of Preparation

The Financial Statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Placement Service Staff car loan and mortgage Scheme accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Placement Service Staff Mortgage and Car Loan Scheme.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and the Universities Act No. 54 of 2012, Section 28 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June, 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of The Placement Service Staff Car Loan and Mortgage Scheme's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between the Placement Service Staff Car Loan and Mortgage Scheme's risk management strategies and the

Standard	Effective date and impact:
	<p>accounting treatment for instruments held as part of the risk management strategy.</p> <p><i>This will not affect the Placement Service Staff car loan and mortgage Scheme</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting KUCCPS Staff Mortgage and Car Loan Scheme provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> a) The nature of such social benefits provided by the Placement Service Staff Mortgage and Car Loan Scheme; b) The key features of the operation of those social benefit the Placement Service Staff Mortgage and Car Loan Schemes; and c) The impact of such social benefits provided on the Placement Service Staff Mortgage and Car Loan Scheme's financial performance, financial position and cash flows. <p><i>This will not affect the Placement Service Staff Mortgage and Car Loan Scheme</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>This will not affect the Placement Service Staff Mortgage and Car Loan Scheme</i></p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>This will not affect the Placement Service Staff Mortgage and Car Loan Scheme</i></p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Placement Service Staff Mortgage and Car Loan Scheme.</p>

Standard	Effective date and impact:
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>This will not affect the Placement Service Staff Mortgage and Car Loan Scheme</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>This will not affect the Placement Service Staff Mortgage and Car Loan Scheme</i></p>

iii. Early adoption of standards

The Placement Service Staff Mortgage and Car Loan Scheme did not early – adopt any new or amended standards in the year 2021/22.

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

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). In case the transfer is free from conditions, it is probable that the economic benefits or service potential related to the asset will flow to the Placement Service Staff Mortgage and Car Loan Scheme and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

The Placement Service Staff Mortgage and Car Loan Scheme will have a Current bank account for the staff car loan account and mortgage account. KUCCPS expects to receive future cash receipts from the current accounts.

b. Budget information

The original budget for FY 2021-2022 was approved by the National Assembly. Subsequent revision and additional appropriations were made to the approved budget in accordance with specific approvals from the Placement Board and The National Treasury and Planning. The additional appropriations are added to the original budget by The Placement Service Staff Mortgage and Car Loan Scheme upon receiving the respective approvals from the Placement Board and The National Treasury and Planning to conclude the final budget. Accordingly, The Placement Board recorded no appropriation on the 2021-2022 budget following the governing body's approval.

KUCCPS Staff Mortgage and Car Loan Scheme budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement on financial performance, whereas the budget is prepared on a cash basis.

c. Financial Instruments

1) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Placement Service Staff Mortgage and Car Loan Scheme determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Placement Service Staff Mortgage and Car Loan Scheme has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, with less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Placement Service Staff car loan and mortgage Scheme assesses at each reporting date whether there is objective evidence that a financial asset or a Scheme of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Scheme is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (*an incurred 'loss event'*) and that loss event has an impact on the estimated future cash flows of the Scheme that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the Scheme are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).

2) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Placement Service Staff Mortgage and Car Loan Scheme determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

c. Contingent liabilities

The Scheme does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The Placement Service Staff Mortgage and Car Loan Scheme had no contingent liability during the year.

d. Contingent assets

The Placement Service Staff Mortgage and Car Loan Scheme 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 Schemes 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.

The Placement Service Staff Mortgage and Car Loan Scheme had no contingent assets during the year.

e. Nature and purpose of reserves

Placement Service Staff Mortgage and Car Loan Scheme creates and maintains reserves in terms of specific requirements. Reserves are listed as below;

- i) Accumulated Surplus – this is the sum of all accumulated surplus and deficits as at the reporting date.
- ii) Placement Service Staff Mortgage and Car Loan Scheme– this represents funds set aside as seed money to operationalize the Scheme once opening of the Bank Account is approved by the National Treasury and Planning.

f. Changes in accounting policies and estimates

The Placement Service Staff Mortgage and Car Loan Scheme recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

g. Foreign currency transactions

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.

h. Related parties

The Placement Service Staff Mortgage and Car Loan Scheme regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Scheme, or vice versa. Members of key management are regarded as related parties and comprise the Directors/ Trustee, the Scheme Managers, and Scheme Accountant.

i. 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 at Housing Finance at the end of the financial year.

Notes to the Financial Statements (Continued)

j. Comparative figures

The Placement Service Staff Mortgage and Car Loan Scheme was established and became operational in the year 2017, comparative figures are for 2020/2021 financial year.

k. Events after the reporting period

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

1. Ultimate and Holding Placement Service Staff Mortgage and Car Loan Scheme

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

m. Currency

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

5. Significant judgement and sources of estimation uncertainty

The preparation of the Placement Service Staff Mortgage and Car Loan Scheme's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Estimates and assumptions

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

b) 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 is based on the assessment of experts employed by the Scheme
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed

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- iv) Availability of Scheme to replace the asset
- v) Changes in the market in relation to the asset

6. Transfers from the Parent Ministry/SC/SAGA

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from Government entities– operations	-	-
Payments by Government entity on behalf of the Placement Service Staff Car Loan and Mortgage Scheme	-	-
Total	-	-

The Placement Service Staff Mortgage and Car Loan Scheme did not receive any transfer during the year.

7. Interest income

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest Income from Car Loan and Mortgage Loans	5,999,798	5,784,602
Total Interest Income	5,999,798	5,784,602

The Placement Service Staff Mortgage and Car Loan Scheme funds earned interest at the rate of 2% from Staff loans and market rate for the unutilised deposit.

8. Cash and cash equivalents

Description	2021/22	2020/21
	Kshs.	Kshs.
KUCCPS Staff Mortgage Account	55,245,244	79,135,876
KUCCPS Staff Car loan Account	35,520,777	32,641,767
Total Cash and Cash equivalents	90,766,022	111,777,644

9 (a) Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:

Financial Institution	Account number	2021/22 Kshs.	2020/21 Kshs.
KUCCPS Staff Car Loan & Mortgage			
HF -Mortgage Account	2211863401	54,334,506	78,225,138
HF -Car loan Account	2211863402	35,520,777	32,641,767
Grand Total		89,855,283	110,866,905

9. (b) Reconciliation of Cash and Cash equivalents

Description	2021/22 Kshs.	2020/21 Kshs.
Cash and Cash equivalents as per statement of financial position	90,766,022	111,777,644
Amount in cashbook not reflected in Bank statement	910,739	910,739
Cash and Cash equivalents as per bank confirmation	89,855,283	110,866,905

10. (a) Receivables from Non-Exchange transactions

Description	2021/22 Kshs.	2020/21 Kshs.
Transfers from Government Entities	-	-
Transfer from KUCCPS main account	150,000,000	150,000,000
Total Receivables from Non-Exchange Transactions	150,000,000	150,000,000

The amount was provided for by the Placement Service Board and is receivable by the Placement Service Staff Mortgage and Car Loan Scheme.

10. (b) Long Term Receivables Scheme transactions

Description	2021/22 Kshs.	2020/21 Kshs.
Long term Receivables from Car Loan and Mortgage Scheme	96,659,250	69,647,830
Total Long Term Receivables from Scheme	96,659,250	69,647,830

11. Reserves

Description	2021/22	2020/21
	Kshs.	Kshs.
KUCCPS staff Mortgage Reserve	250,000,000	250,000,000
KUCCPS staff Car loan Reserve	50,000,000	50,000,000
Revenue Reserve	37,425,272	31,425,474
Total Staff Mortgage and Car Loan Reserve	337,425,272	331,425,474

Other Disclosures

12. Financial risk management

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

The Placement Service Staff Mortgage and Car Loan Scheme's financial risk management objectives and policies are detailed below:

a) Credit risk

The Placement Service Staff Mortgage and Car Loan Scheme has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Scheme management based on prior experience and their assessment of the current economic environment.

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The carrying amount of financial assets recorded in the financial statements representing the Scheme's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2022				
Receivables from Exchange Transactions-Car loans and mortgages		-	-	-
Receivables from Non-Exchange Transactions		-	-	-
Bank Balances	90,766,022	90,766,022	-	-
Total	90,766,022	90,766,022	-	-
At 30 June 2021				
Receivables from Exchange Transactions- Car loans and mortgages	-	-	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	111,777,644	111,777,644	-	-
Total	111,777,644	111,777,644	-	-

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Placement Service Staff Mortgage and Car Loan Scheme Administrator, who has built an appropriate liquidity risk management framework for the management of the Scheme's short, medium, and long-term Scheming and liquidity management requirements. The Scheme administrator manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Description	Less than 1 month Kshs.	Between 1- 3 months Kshs.	Over 5 months Kshs.	Total Kshs.
At 30 June 2022				
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Trade Payables	-	-	-	-
Total	-	-	-	-

c) Market risk

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

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

The Placement Service Staff Mortgage and Car Loan Scheme's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

There has been no change to the Placement Service Staff Mortgage and Car Loan Scheme's exposure to market risks or the manner in which it manages and measures the risk.

d) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Placement Service Staff Mortgage and Car Loan Scheme analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

e) Capital Risk management

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

Description	2021/22 Kshs.	2020/21 Kshs.
Revolving KUCCPS Staff Mortgage and Car Loan Scheme	331,425,474	325,640,872
Accumulated surplus	5,999,797	5,784,602

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Total KUCCPS Staff Mortgage and Car Loan Schemes	337,425,272	331,425,474
Less: cash and bank balances	(90,766,022)	(111,777,644)
Net debt/(excess cash and cash equivalents)	246,659,250	219,647,830
Gearing	-	-

13. Events after the Reporting Period

- i) The term of the Board Chairman, Mr. Joe Owaka Ager, ended on 12 July, 2021 (Kenya Gazette Notice Number 7056 dated 13 July, 2018). Mr. Cyrus Gituai was appointed as the Board Chairman with effect from 13 July, 2022.
- ii) Ms. Christine Mwaka was appointed the Chairman of the Staff Car Loan and Mortgage Scheme effective 29th August, 2022 and therefore signed the statements prepared while Chairman.

14. Ultimate and holding Entity

The Scheme is under the Placement Service which is a semi-autonomous government agency under the Ministry of Education. Its ultimate parent is the Government of Kenya

17. ANNEXES

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

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

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

Dr. Agnes Mercy Wahome
Chief Executive Officer/ Scheme Administrator
29 September, 2022

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Annex II: Inter-entity Confirmation Letter

KUCCPS Staff Mortgage and Car Loan Scheme

The *Placement Service* wishes to confirm the amounts disbursed to you as at 30 June, 2022 as indicated in the table below.

Confirmation of amounts received by Placement Service Staff Mortgage and Car Loan Scheme as at 30 June, 2022

Reference Number	Date Disbursed	Amounts Disbursed by KUCCPS Staff Mortgage and Car Loan Scheme (Kshs) as at 30th June 2022				Total (D)=(A+B+C)	Amount Received by KUCCPS Staff Car Loan and Mortgage Scheme (Kshs) as at 30 th June 2022 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts department at the Placement Service Staff Mortgage and Car Loan Scheme:



**CPA Michael Kimani
Finance Manager
20 March, 2023**

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Annex III: Reporting of Climate Relevant Expenditures**

Name and contact details of contact person

Project Name	Project Description	Project Objectives	Project Activities					Source Of PLACEMENT SERVICE Staff Car Loan and Mortgage Schemes	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		
	N/A								

The Placement Service Scheme did not have expenditure under this category.

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Annex IV: Disaster Expenditure Reporting Template

Date:						
Placement Service Staff Mortgage and Car Loan Scheme						
Period to which this report refers (FY)	N/A			Quarter		
Name of Reporting Officer	N/A					
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments

The Placement Service Scheme did not have expenditure under this category.