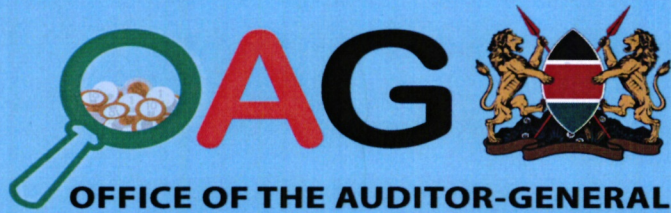


REPUBLIC OF KENYA



Enhancing Accountability

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

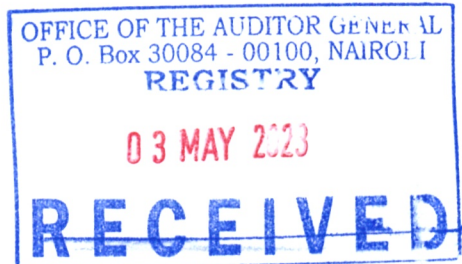
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THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2017**



**KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE
STAFF MORTGAGE AND CAR LOAN SCHEME ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE, 2017**

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

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I. KEY KUCCPS STAFF MORTGAGE AND CAR LOAN SCHEME INFORMATION

a) Background information

The KUCCPS Staff Car Loan and Mortgage 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 car loan and Mortgage 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 has the following members;

No.	Designation	Name
1.	Chairperson	Michael Kimani
2.	Member	Michael Mahia
3.	Member	Peter Ndirangu
4.	Member	Caroline Karicho
5.	Scheme Secretary	Maxwell Okoth
6.	Member	Ednah Kerubo
7.	Member	Edina Adala
8.	Scheme Administrator	John M. Muraguri

d) Key Management

No.	Designation	Name
1.	Chief Executive Officer	Mr. John M. Muraguri
2.	Deputy Secretary	Monica Ng'ang'a
3.	Finance Manager	Michael Kimani
4.	Manager, Human Resource and Administration	Maxwell Okoth
5.	Manager, Internal Audit	Faith Musya
6.	Ag. Manager, Information, Communication and Technology	Dennis Rama
7.	Manager, Supply Chain Management	Daina Kibogo
8.	Manager, Corporate Communication	Paul Juma
9.	Manager, Placement and Career Development	Nancy Soila
10.	Manager legal and corporation Secretary	Ednah Adala

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

Headquarters

ACK Garden House, 3rd Floor (Block C & D)

Ngong 1st Avenue, Community

P.O. Box 105166, 00101

Nairobi, Kenya

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

KUCCPS Staff Mortgage and Car Loan Scheme Bankers

HFC Rehani House, Koinange Street/Kenyatta Avenue

P.O. Box 30088, 00100,

Nairobi, Kenya

g) Independent Auditors

Auditor-General, Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084, GPO 00100

Nairobi, Kenya

h) Principal Legal Adviser

The Attorney General






State Law Office and Department of Justice

Harambee Avenue





P.O. Box 40112, City Square 00200

Nairobi, Kenya


II. MANAGEMENT TEAM

No.	Management Member	Details
1.	 <p>Mr. John M. Muraguri Scheme Administrator and Chief Executive Officer <i>MBA, B. Ed. (UoN)</i></p>	The CEO is responsible for the day-to-day operations at the Placement Service.
2.	 <p>Mrs. Monica Ng'ang'a Deputy Chief Executive Officer <i>MBA, BA (UoN), CPA-K, Member ICPAK</i></p>	The Deputy Chief Executive Officer is responsible for operations, administration and finance at the Placement Service.
3.	 <p>CPA Michael Kimani Manager, Finance <i>MBA (UoN), B Com. (KU), CPA-K, Member ICPAK</i></p>	The Finance Manager is responsible for budgeting, budgetary control, financial management and reporting at the Placement Service.
4.	 <p>Maxwell Okoth Manager, Human Resource and Administration <i>MBA, B. Com. (UoN), Dip. HRM (KIM), Member IHRM</i></p>	The Human Resource and Administration Manager is responsible for human capital management and administrative support services at the Placement Service.
5.	 <p>CPA Faith Musya Manager, Internal Audit <i>MBA, B. Ed. (UoN), CPA-K, Member IIA, ICPAK</i></p>	The Internal Audit Manager is responsible for financial and systems audit, assurance and risk advisory services at the Placement Service.

Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the Year Ended 30 June, 2017

6.		<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>
7.		<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>
8.		<p>Dennis Rama Ag. Manager, ICT</p> <p><i>M. Sc. (Information Systems), B. Sc. (Computer Science)</i></p>	<p>The Ag. ICT manager is responsible for information communication technology operations at the Placement Service.</p>
9.		<p>Nancy Soila Placement and Career Services Manager</p> <p><i>MBA (KU), B.Ed. (Moi), Member KIM</i></p>	<p>The Placement and Career Services Officer is responsible for all career guidance and placement programmes and activities at the Placement Service.</p>

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme
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10.	 <p>Ms. Edna Adala Corporation Secretary and Legal Manager</p> <p><i>MBA, LLB (UoN), Dip. Law (KSL), Member LSK, ICPSK, PTA</i></p>	<p>The Corporation Secretary and Legal Officer is responsible for the overall management and administration of the Legal and Corporation Secretary functions.</p>
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FUND ADMINISTRATION COMMITTEE

No.	Management Member	Details
1.	 <p>CPA Michael Kimani Manager, Finance <i>MBA (UoN), B Com. (KU), CPA-K, Member ICPAK</i></p>	The Finance Manager is responsible for budgeting, budgetary control, financial management and reporting at the Placement Service.
2.	 <p>Maxwell Okoth, Manager, Human Resource and Administration <i>MBA, B. Com. (UoN), Dip. HRM (KIM), Member IHRM</i></p>	The Human Resource and Administration Manager is responsible for human capital management and administrative support services at the Placement Service.
3.	 <p>Ms. Edna Adala, Corporation Secretary and Legal Officer <i>MBA, LLB (UoN), Dip. Law (KSL), Member LSK, ICPSK, PTA</i></p>	The Corporation Secretary and Legal Officer is responsible for the overall management and administration of the Legal and Corporation Secretary functions.
4.	 <p>Peter Gatumu Ndirangu, Placement Coordination and Career development Officer <i>BSc. (Information Systems), Dip. IMIS, MCP Certification</i></p>	The Placement and Career Services Officer is responsible for all career guidance and placement programmes and activities at the Placement Service.
5.	 <p>Michael Mahia, ICT Officer <i>BBIT (JKUAT)</i></p>	The ICT Officer is responsible for the for the support of the Placement ICT operations

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the Year Ended 30 June, 2017**

6.		<p>Caroline Karicho, Principal Administrative Officer</p> <p><i>MA (Communication), BA (Comm. & Sociology), Dip. Business Management, Dip. Secretarial Studies</i></p>	<p>The Principal Administrative Officer is responsible the general office administration.</p>
7.		<p>Ednah Kerubo, Senior Accountant</p> <p><i>MSc. (Finance & Investments), BA (Economics), CPA (K), Member, ICPAK</i></p>	<p>The Accountant is responsible for the Payment and receipting and maintaining the financial records.</p>
8.		<p>John M. Muraguri Scheme Administrator</p> <p><i>MBA, B. Ed. (UoN)</i></p>	<p>The CEO is responsible for the day-to-day operations at the Placement Service.</p>

III. CHAIRMAN'S REPORT



The Placement Service is pleased to present the Staff Car Loan and Mortgage Annual Report and Financial Statements for the year ended June 30, 2017.

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 will also facilitate staff to acquire motor vehicles repayable within a term of up to five years. The scheme is in the second year of operation.

Rationale of the KUCCPS Staff Car Loan and Mortgage 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, 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's (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 KUCCPS Staff mortgage and car loan scheme committee was 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 has continued to guide and support the Placement Service, through National Treasury and the Ministry of Education, 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.



Ms. Christine Mwaka
Chairperson, Staff Mortgage and Car Loan Scheme Committee

IV. 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 2016/2017. 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 2016/2017 included setting up of the Staff Mortgage and Car Loan Scheme Advisory Committee, getting necessary approvals from the National treasury to open the accounts and operationalization of the scheme. In the financial year, the Scheme managed to have its accounts opened and moneys wired into it on 21st June 2017. No activity was reported at the end of the financial year on mortgage and car loan. It is expected that the scheme will be more active in the subsequent financial years as management puts in place measures to sensitize all staff of the facility.

The Scheme seed capital was Kshs 120m in the financial year 2016/2017. 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,
SCHEME ADMINISTRATOR/ CHIEF EXECUTIVE OFFICER

V. STATEMENT OF CORPORATE GOVERNANCE

a. Appointment and removal of Staff Mortgage and Car Loan Committee

The Secretary/ Chief Executive Officer will appoint a committee 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 Scheme regulation.

b. Roles and functions of the Advisory Committee members,

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

- a. Receive and consider staff loan applications and guided by the applicable regulations and advice the CEO for approval,
- b. Review and recommend changes to the Housing Mortgage and Car loan Schemes Regulations,
- c. Coordinate staff sensitization and awareness campaigns on the benefits of the scheme and available products.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

The Placement Service Staff Mortgage and Car Loan Scheme's operations and activities for the Financial Year 2016/2017 included appointment of the scheme's administrator Housing Finance.

In the financial year 2016/2017, the Placement Service operationalised the scheme by depositing 120m million in the Staff Mortgage and Car Loan Scheme accounts where no interest was realised for the period as it was done in the month of June 2017.

a) Key projects or investments decision implemented

KUCCPS Staff Mortgage and Car Loan Scheme committee did not receive any applications for mortgage during the period under review and no application was processed for further consideration with the scheme.

b) Compliance with statutory requirements

During Financial Year 2016/2017 KUCCPS Staff Mortgage and Car Loan Scheme complied with the statutory requirements.

c) 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 Car Loan and Mortgage 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. The scheme honoured its tax obligations by filing tax returns and paying the requisite tax on interest earned during the year.

VII. REPORT OF STAFF MORTGAGE AND CAR LOAN SCHEME COMMITTEE

The Scheme submit the report together with the financial statements for the year ended 30th June, 2017 which show the state of affairs of the Kenya Universities and Colleges Central Placement Service Staff mortgage and car loan Scheme.

Principal activities

The principal activities of the Staff Mortgage and Car Loan Scheme are to facilitate Placement Service staff with Mortgage to acquire their own homes and Car loan for purchase of motor vehicles at concessionary rates.

Results

During the year the Placement Service transferred the increased seed capital of Kshs 120,000,000 to the Housing Finance Bank. The full results of the Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2017 are set out from page 1 to 5.

Auditors

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

By Order of the Board



Faith Kaluai
Corporation Secretary
NAIROBI
20 March, 2023

VIII. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 requires KUCCPS Staff Mortgage and Car Loan 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 Council 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, 2017. 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 June 30, 2017. In addition, gives the financial position as at that date.

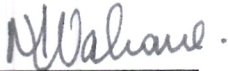
**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the Year Ended 30 June, 2017**

The Placement Service further, confirms the completeness of the accounting records 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.

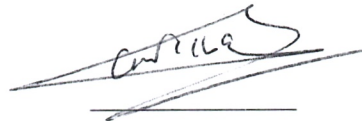
However, nothing has come to the attention of the Board to indicate that the Placement Service Staff mortgage and car loan scheme will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Placement Service approved the scheme's Financial Statements on 31st August 2017 as part of the Placement Service Main Accounts and signed on its behalf by:



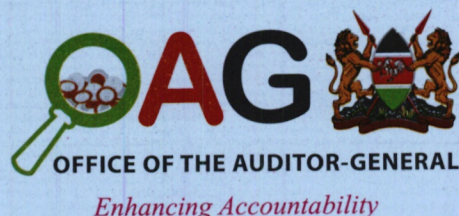
Dr. Agnes Mercy Wahome
Scheme Administrator/ Chief Executive Officer



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

REPUBLIC OF KENYA

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 KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2017

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 19, which comprise of the statement of financial position as at 30 June, 2017, 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 effect 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, 2017, 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. Inaccuracy in the Statement of Changes in Net Assets

As disclosed in Note 12 to the financial statements, the statement of financial position reflects balance of Kshs.120,000,000 which includes balance of Kshs.90,000,000 and Kshs.30,000,000 in respect of KUCCPS staff mortgage and KUCCPS staff car loan reserves respectively. However, review and recasting of the statement of changes in net assets revealed nil balance and kshs.90,000,000 in respect of transfer to staff mortgage reserve and accumulated surplus respectively resulting to an unreconciled and unexplained misclassification of the transfer to staff mortgage reserve.

In the circumstances, the accuracy and completeness of the transfer to staff mortgage reserve balance of Kshs.90,000,000 could not be confirmed.

2. Unsupported Transfers to the Staff Mortgage and Car Loan Scheme Reserve

As disclosed in Note 12 to the financial statements, the statement of financial position reflects balance of Kshs.120,000,000 in respect of staff mortgage and car loan scheme reserves. However, the transfers of staff mortgage and car loan scheme reserve were not supported with board minutes authorising the funds transfer.

In the circumstances, the accuracy, completeness and regularity of the transfers of staff mortgage and car loan scheme could not be confirmed.

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 matters 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

1. Late Submission of Financial Statements

The financial statements for the Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2017 were submitted to the Auditor-General on 23 March, 2023, sixty-six (66) months after the statutory deadline to submit of 30 September, 2017. This was contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution of Kenya 2010, the Public Finance Management Act, 2012 and any other legislation shall be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

In the circumstances, Management was in breach of the law.

2. 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.

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 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


08 June, 2023

X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2017


Description	Note	2016/17 Kshs.
Revenue from non-exchange transactions		
Transfers from KUCCPS	6	-
		-
Revenue from exchange transactions		
Interest income	7	-
		-
Total revenue		-
Expenses	8	
Surplus before tax		-
Taxation		(-)
Surplus after Tax		-

The notes set out on pages 6 to 22 form an integral part of these Financial Statements


The financial statements were approved onby:


.....
Dr. Agnes Mercy Wahome
Fund Administrator

20 March, 2023


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

20 March, 2023


.....
Christine Mwaka
Chairperson of the Scheme

20 March, 2023

XI. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2017

Description	Note	2016/17 Kshs.
Assets		
Current assets		
Cash and cash equivalents	9	120,000,000
Receivables from Non-Exchange Transactions	10	-
Total Current Assets		120,000,000
Non-current assets		-
Receivables from exchange transactions	10(b)	-
Total assets		120,000,000
Liabilities		
Trade and other payables	11	-
Total Current Liabilities		-
Total liabilities		-
Net assets		-
KUCCPS Staff Mortgage & Car Loan Scheme	12	120,000,000
Accumulated surplus		-
Total net assets and liabilities		120,000,000


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements set out on pages 6 to 22.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



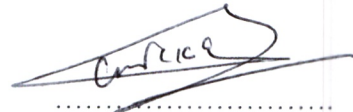
Dr. Agnes Mercy Wahome
Fund Administrator

20 March, 2023



Michael Kimani
Fund Accountant
ICPAK M/No: 5310

20 March, 2023



Christine Mwaka
Chairperson of the Scheme

20 March, 2023

XII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2017

Description	Staff Car Loan and Mortgage Scheme	Staff Car Loan and Mortgage Scheme	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Balance As at 1st July 2016	-	-	-	-
Surplus for the period	-	-	-	-
Transfer to Staff Mortgage Reserve	-	-	-	-
Transfer to Staff Car Loan Reserve	-	30,000,000	90,000,000	120,000,000
Balance as at 30th JUNE 2017	-	30,000,000	90,000,000	120,000,000



Dr. Agnes Mercy Wahome
Chief Executive Officer

20 March, 2023



Michael Kimani
Fund Accountant
ICPAK M/No: 5310

20 March, 2023



Christine Mwaka
Chairperson of the Scheme

20 March, 2023

XIII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2017

Description	Note	2016/17 Kshs.
Cash flows from operating activities		
Receipts		
Interest received	6	-
Total receipts		-
Payments	8	
Total payments		-
Net cash flow from operating activities		-
Cash flows from investing activities		
Proceeds from loan principal repayments		-
Loan disbursements paid out		-
Net cash flows used in investing activities		-
Cash flows from financing activities		
Receipts into the Staff Mortgage Account	9	90,000,000
Receipts into Placement Service Staff Car Loan Account	9	30,000,000
Net cash flows used in financing activities		120,000,000
Net increase in cash and cash equivalents		120,000,000
Cash and cash equivalents at 1 July 2016		0
Cash and cash equivalents at 30 June 2017		120,000,000



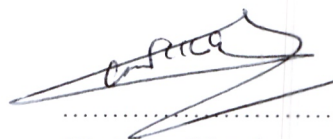
Dr. Agnes Mercy Wahome
Chief Executive Officer

20 March, 2023



Michael Kimani
Fund Accountant
ICPAK M/No: 5310

20 March, 2023



Christine Mwaka
Chairperson of the Scheme

20 March, 2023

XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2017

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 KUCCPS	-	-	-	-	-	0%
Interest income	-	-	-	-	-	0%
Total Revenue	-	-	-	-	-	0%
Expenses						
Use of goods and services	-	-	-	-	-	0%
Finance cost	-	-	-	-	-	0%
Expenditure	-	-	-	-	-	0%
Surplus for the period	-	-	-	-	-	

Note

There were no staff loans issued during the year.

XV. 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 Mortgage and Car Loan 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 2017.

Standard	Effective date and Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

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 2016/17.

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 mortgage and car loan account. KUCCPS expects to receive future cash receipts from the current accounts.

b. Budget information

The original budget for FY 2016-2017 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 2016-2017 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 S Staff mortgage and car loan 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 car loan and mortgage 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.

j. Comparative figures

The Placement Service Staff Mortgage and Car Loan scheme was operationalised in the year 2017 and therefore no comparative figures for prior years.

k. Events after the reporting period

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

l. 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
- iv) Availability of scheme to replace the asset
- v) Changes in the market in relation to the asset

6. (a) Transfers from the Parent Ministry/SC/SAGA

Description	2016/17 Kshs.
Transfers from Government entities– operations	-
Payments by Government entity on behalf of the Placement Service Staff Mortgage and Car Loan Scheme	-
Total	-

7. Interest income

Description	2016/17 Kshs.
Interest Income from Car Loan and Mortgage Loans	-
Total Interest Income	-

The Placement Service Staff Mortgage and Car Loan scheme funds earned no interest during the period.

8. Expenses

Description	2016/17
	Kshs.
Commission Administration cost	-
Total Expenses	-

9. Cash and cash equivalents

Description	2016/17
	Kshs.
KUCCPS Staff Mortgage Account	90,000,000
KUCCPS Staff Car loan Account	30,000,000
Total Cash and Cash equivalents	120,000,000

9 (a) Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	2016/17
		Kshs.
KUCCPS Staff Car Loan & Mortgage		
HF -Mortgage Account	2211863401	90,000,000
HF -Car loan Account	2211863402	30,000,000
Grand Total		120,000,000

9. (b) Reconciliation of Cash and Cash equivalents

Description	2016/17
	Kshs.
Cash and Cash equivalents as per statement of financial position	120,000,000
Amount in cashbook not reflected in Bank statement	-
Cash and Cash equivalents as per Statement of cash flows	120,000,000

10(a). Receivables from Non-Exchange transactions

Description	2016/17
	Kshs.
Transfers from Government Entities	-
Transfer from KUCCPS main account	-
Total Receivables from Non-Exchange Transactions	-

10(b). Receivables from Exchange transactions

Description	2016/17
	Kshs.
Transfers from Government Entities	-
Transfer from KUCCPS main account	-
Total Receivables from Exchange Transactions	-

11. Liabilities

Description	2016/17
	Kshs.
Current Liabilities	
Current Liabilities	-
Total Current Liability	-
Non-current Liability	
Non-Current Liabilities-from Staff	-
Non-Current Liabilities-Interest to HFC	-
Total Non-Current Liability	-

12. Reserves

Description	2016/17
	Kshs.
KUCCPS staff Mortgage Reserve	90,000,000
KUCCPS staff Car loan Reserve	30,000,000
Revenue Reserve	-
Total car loan and mortgage	120,000,000

Other Disclosures

13. 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.

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2017				
Receivables from Exchange Transactions-Car loans and mortgages		-	-	-
Receivables from Non-Exchange Transactions		-	-	-
Bank Balances	120,000,000	120,000,000	-	120,000,000
Total	120,000,000	120,000,000	-	120,000,000

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 2017				
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	2016/17 Kshs.
Revolving KUCCPS Staff Mortgage and Car Loan Scheme	120,000,000
Accumulated surplus	-
Total KUCCPS Staff Mortgage and Car Loan Schemes	120,000,000
Less: cash and bank balances	(120,000,000)
Net debt/(excess cash and cash equivalents)	-
Gearing	-

14. Events after the Reporting Period

- i) The Placement Service Board Chairman, Mr. Joe Owaka Ager, was appointed with effect from 12th July, 2018 vide Kenya Gazette Notice Number 7056 dated 13th July, 2018. His term ended on 12th July, 2021 and Mr. Cyrus Gituai was appointed as the Board Chairman with effect from 13th July, 2022.
- ii) The term of the Chief Executive Officer, Dr. John Muraguri expired and Dr. Agnes Mercy Wahome appointed with effect from 1st February, 2021.
- iii) Ms. Christine Mwaka was appointed the Chairman of the Staff Mortgage and Car Loan Scheme effective 29th August, 2022 and therefore signed the statements prepared while Chairman.

15. 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.

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 Merrey Wahome
Chief Executive Officer / Scheme Administrator

March 20, 2023

Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the Year Ended 30 June, 2017

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 30th June 2017 as indicated in the table below.

Confirmation of amounts received by Placement Service Staff Mortgage and Car Loan Scheme as at 30th June 2017

Reference Number	Date Disbursed	Amounts Disbursed by KUCCPS Staff Mortgage and Car Loan Scheme (Kshs) as at 30th June 2017				Amount Received by KUCCPS Staff Mortgage and Car Loan Scheme (Kshs) as at 30 th June 2017 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	June 2017	120,000,000	-	-	120,000,000	120,000,000	-
Total		120,000,000	-	-	120,000,000	120,000,000	-

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

Kenya Universities and Colleges Central Placement Service

March 20, 2023

Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the Year Ended 30 June, 2017

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
				Q1	Q2	Q3	Q4		
	N/A								

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

Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the Year Ended 30 June, 2017

Annex IV: Disaster Expenditure Reporting Template

Date:						
PLACEMENT SERVICE Staff Car Loan and Mortgage 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 Staff Mortgage and Car Loan Scheme did not have expenditure under this category.