

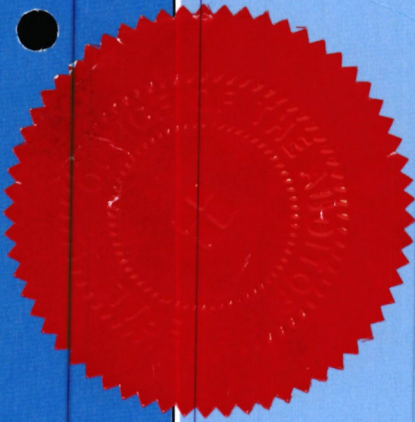


PUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



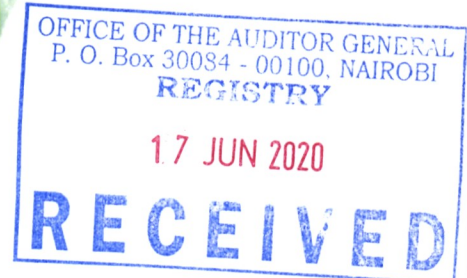
REPORT	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	04 MAR 2021
DAY:	thurs
TABLED BY:	Majority Party Leader Hon. Amos Kimani
THE AUDITOR-GENERAL Halima	

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ON

COMMISSION ON REVENUE ALLOCATION
STAFF MORTGAGE SCHEME FUND

FOR THE YEAR ENDED
30 JUNE, 2019



COMMISSION ON REVENUE ALLOCATION

CRA'S STAFF MORTGAGE SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2019

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

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- | | |
|-------------------|------------------------|
| 3. William Birech | Human Resource Manager |
| 4. Maureen Junge | Finance Manager |

Fiduciary Management

The Mortgage's fund Committee members who served during the financial year ended 30 June, 2019 and who had direct fiduciary responsibility were;

- | | |
|----------------------|-------------------------------------------------|
| 1. Angela Kariuki | Chairpeson / Director Corporate Services |
| 2. James Katule | Member/Director Fiscal Affairs |
| 3. Sheila Yieke | Member/Director Legal Services |
| 4. Joseph Kuria | Member/Director ICT |
| 5. Lineth Oyugi | Member/Director Research and Policy Development |
| 6. Amenity Nyakundi | Member/Natural Resource Advisor |
| 7. William Birech | Member/Human Resource Manager |
| 8. Maureen Junge | Member/Finance Manager |
| 9. Fridah Mutua | Member/Research Officer |
| 10. Collins Wanyoike | Member/ICT Officer |
| 11. Phillip Karisa | Member/Driver |

Headquarters

Commission on Revenue Allocation
14 Riverside Drive
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Tel: (020) 4298000

Commission Contacts

Telephone: (254) (020) 4298000
E-mail: info@crakenya.org
Website: www.crakenya.org

Fund Bankers

Kenya Commercial Bank
KICC Branch
Harambee Avenue
P. O. Box 46950-00100 Nairobi
Tel: (020) 29248501,
Fax: (020) 29248501,

Independent Auditors




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

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019


Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya


II. COMMITTEE OF THE SCHEME

 <p>Angela Kariuki Chairperson / Director, Corporate Services</p>	<p>She holds a master's in international Commercial Law (LLM) from the University of Nottingham (UK) and a Bachelor of Laws (LLB) from the University of Sheffield (UK). She is an Advocate of the High Court of Kenya; member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. Mrs. Kariuki has been with the Commission from inception for a period of six years. She has broad professional experience in the areas of human capital management, facilities management, supply chain management, strategic planning and corporate governance, legal compliance with regards to securities law, corporate law, policy formulation and implementation.</p> <p>She previously worked with the Capital Markets Authority for nine years and Kilonzo & Company Advocates for two years.</p>
 <p>James Katule Member / Director Fiscal Affairs</p>	<p>He holds a Masters of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI) and a Bachelor of Arts in Economics & Business Education from Kenyatta University. He is a Certified Public Accountant and a member of ICPAK. He has a wealth of experience in financial management, administration, people management and procurement gained in working for the Kenya National Trading Corporation, the International Centre for Insect Physiology and Ecology (ICIPE), International Livestock Research Institute (ILRI), the Africa Medical Research Foundation (AMREF) and most recently, Capital Markets Authority (CMA).</p>
 <p>Sheila Yieke Member / Director Legal Affairs</p>	<p>She is an Advocate of the High Court of Kenya and holds an MBA, Finance from the United States International University and a Certified Public Secretary (K). In addition she is alumni of the International Development Law Organization (IDLO) and a member of the Chartered Institute of Purchasing and Supplies (UK). She has worked with Sotik Tea and Sotik Highlands Tea Estates, Kenya Investment Authority and Kosgey and Masese Co. Advocates. Internationally she has worked at the UN, IGAD, NORDIC and UNOPS.</p>

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

 <p>Joseph Kuria Member / Director ICT</p>	<p>He holds a Master's Degree in Business Administration, Strategic Management from the University of Nairobi and a BSc. Degree in Computer Science from Egerton University. He is currently pursuing a PhD in Information Systems.</p> <p>He holds the following professional certifications: MCP, MCSE, MCDBA, CISA, CEH, MCT, PMP and PRINCE2 He is a member of Information Systems Audit and Control Association (ISACA). He has over 16</p>
 <p>Lineth Oyugi Member / Director Economic Affairs</p>	<p>Lineth Oyugi holds a Masters of Arts in Economics from the University of Nairobi and a 4th year Phd student of Economics at University of Nairobi. She has vast knowledge and experience in Research having worked for the Federation of Kenya Employers as the Head of Research and Policy Advocacy.</p> <p>Additionally, Lineth has worked with the Institute of Policy Analysis and as a Research Fellow, Macroeconomics programme and also with the Ministry of Finance and Ministry of Planning and National Development as an Economist.</p>
 <p>Dr. Amenity P. Nyakundi Member / Advisor Natural Resources</p>	<p>Dr. Amenity Nyakundi has a distinctive knowledge in the field of natural resources development, energy, and environment. He holds PhD in Environment Technology from JKUAT; an MA in (planning) from the University of Nairobi, a B.Sc in geology from Poona University, advanced certificate in Geothermal Energy- University of Pisa (Italy), Certificate of Corporate Governance (KIM), Certificate in Strategic leadership Development (Kenya School of Governance) and senior management course (Government Training Institute Mombasa).</p> <p>Dr. Nyakundi previously worked in the office of the former Prime Minister (Coordinating Inter-Ministerial Energy and Environment projects). He also worked in the Ministry of Energy for over twenty five (25) years and has extensive experience in energy project planning, development and management.</p>

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

 <p>William Birech Member / Human Resource Manger</p>	<p>Mr William K Birech is Manager HR/Admin at the Commission on Revenue Allocation. He holds MBA from the University of Nairobi, a B. Com (HR) from the Catholic University of Eastern Africa, a Higher National Diploma in Human Resource Management and a Diploma in Personnel Management from the IHRM College.</p> <p>He has over fifteen years' experience in Human Resource Management having worked at the Postbank and the Rural Electrification Authority before joining the Commission on 5th January 2015.</p> <p>He has written and published articles on HR matters in reputable HR journals in Kenya especially The Management and the IHRM journal.</p>
 <p>Maureen Junge Member / Finance Manager</p>	<p>Ms. Junge has extensive work experience in public finance with emphasis on budgeting, financial management, financial analysis and reporting. She is a Certified Secretary, Certified Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Association of Women Accountants of Kenya (AWAK). She holds a Masters of Science degree and a Bachelors of Commerce degree (Finance) from the University of Nairobi.</p> <p>As the inaugural manager in charge of finance, Ms. Junge was instrumental in setting up the finance department at the Commission including aligning all financial management and reporting systems and policies.</p> <p>She previously worked with Kenya Investment Authority, Africa Investment Bank (AIG) and Reliance General Limited.</p>
 <p>Collins Wanyoike Member/ICT Officer</p>	<p>Mr. Wanyoike is a focused Information Technology and Communication (ICT) professional with a BSc degree in Information Technology, CCNA and MCTIP certifications. Possesses relevant professional experience gained during his 12 years working career in this field, acquiring valuable insight into development, deployment and administration of ICT systems.</p> <p>He has been part of a team involved in setting up the Commission's (CRA) ICT environment from inception, including communication platforms, Network and security solutions, ERP solution and policies.</p>

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019



Phillip Karisa
Member / Logistic staff

Mr. Karisa is a logistics personnel with certification in sales and marketing and BCEA cluster in driving. He has undertaken various trainings i.e. in First Aid, Customer care and computer packages.

III. CHAIRPERSON'S REPORT

The Commission on Revenue Allocation established a Staff Mortgage Scheme committee whose objective is to coordinate and engage with the Kenya Commercial Bank, appointed to manage the Fund on behalf of CRA. The Schemes Committee members were drawn from all the Directorates / Departments across CRA which was representative, credible and inclusive.

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

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

The Scheme has since supported Kshs. 95,597,672 in loan applications and where applicants were drawn from various cadres of staff at the Commission. The Bank continues to carry out due diligence for all the loan application to minimize risks in acquiring property.

The Committee shall endeavour to support staff through continuous engagements with the bank to ensure more employees benefit from the scheme in the foreseeable future.



Angela W. Kariuki,

CHAIRPERSON, CRA MORTGAGE SCHEME

Date... 25/9/19.....

IV. REPORT OF THE OFFICER ADMINISTERING THE FUND

CRA's Mortgage Scheme fund activities are to facilitate purchase and/ or improvement of residential property and acquisition of land for staff members of the Commission. The scheme maintained an interest rate of 4% as cost of borrowing for the reporting period. The low cost of borrowing enhanced the number of loan applicants up to a 100% absorption of the fund.

For the Financial year 2018/2019, the Fund's activities comprised of; application for mortgages, approval and disbursement of the loans.

During the year, the Fund's capital was enhanced to Kshs. 115.5 million and an interest earning of Kshs. 1.6 million from both the Unutilised and utilised accounts as compared to FY 2017/18 where Capital stood at Kshs. 104 million and cumulative interest at Kshs. 103 million.



George Ooko,
COMMISSION SECRETARY/CEO

Date.....25/9/19.....

V. REPORT OF THE COMMISSION'S STAFF MORTGAGE SCHEME FUND

The officer administering the Commission's Mortgage Scheme Fund submits his report and financial statements for the year ended 30 June, 2019 which shows the state of the Fund's affairs.

Principal Activities

The principal activities of the Commission's Mortgage Scheme continues to be provision of housing loan facilities to the staff members.

Results

The results of the Mortgage scheme for the year ended 30 June, 2019 are set out on page 1 – 4.

Management

The members of the Staff Mortgage Scheme Committee who served during the year are shown on page (v-vii). The members are representatives from all directorates of the Commission.

Auditors

The Auditor General is responsible for the statutory audit of the Commission's Staff Mortgage Scheme Fund in accordance with the Section 81(4a) of the Public Financial Management Act, 2012 and Section 35 of the Public Audit Act, 2015.

VI. STATEMENT OF THE OFFICER ADMINISTERING FUND'S RESPONSIBILITIES

Section 24(3) of the Public Finance Management Act, 2012 requires the officer administering the Fund to prepare financial statements in respect of that Fund, which give a true and fair view of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Officer administering is also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Officer administering the Fund is also responsible for safeguarding the assets of the Fund.

The Officer administering the Fund 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 of the Scheme for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

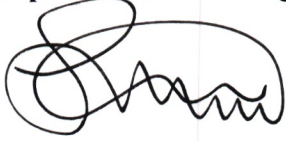
The Officer administering the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with Accrual basis of Accounting method under the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the Commission's Act. The Officer administering the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of the Fund's transactions during the financial year ended June 30, 2019, and of the Fund's financial position as at that date. The Officer administering the Fund further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Approval of the financial statements

The Commission's Staff Mortgage Scheme Fund financial statements were approved by the Commission on 19th September 2019 and signed on its behalf by:



Dr. Jane Kiringai
CHAIRPERSON

Date...25/9/19..

VII. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Performance

During the year, the Fund was reinstated to Kshs. 115.5 million in capital and Kshs. 1.6 million as interest earned from Utilised and Unutilised accounts. The fund had 15 withdrawals amounting to Kshs.95.6 million as compared to 13 withdrawals at Kshs. 81.5 million in FY 2017/18. In the reporting year the Fund has pending requests awaiting disbursements of Kshs.24.9 million. The fund achieved an absorption rate of **100%** as compared to **71%** in FY 2017/18.

Funds' compliance with statutory requirements

The Fund's Terms of Reference and Regulations were anchored on the SRC's guidelines on Mortgage Scheme. Further, in the implementation of the same, the Commission ensured compliance with HR Policies and Procedures manual 2015 e.g. with regard to requirements of 1/3 Rule principle.

Key activities the Fund is undertaking

The main reason for setting up the Fund was mainly to provide financial support for staff members in acquisition of mortgage facility at a subsidised interest rate relating to:

1. Home development loans
2. Acquisition or Purchase of residential homes
3. Purchase of land for Home construction

Major risks facing the Fund

Liquidity Risk

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

Material arrears in statutory/financial obligation

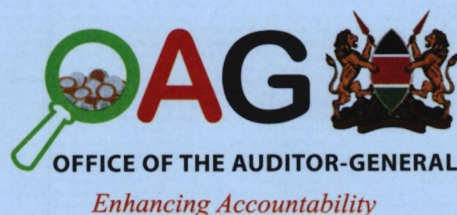
The Fund does not have any outstanding arrears that could be material.

The Fund's financial probity and governance issues

The Fund runs its operation through a committee whose main role is to oversee the operations and implementation of the scheme by both the administrator and the Commission. The committee's membership is drawn from all directorates for inclusivity purposes.

REPUBLIC OF KENYA

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Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Commission On Revenue Allocation Staff Mortgage Scheme Fund set out on pages 1 to 6, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Commission on Revenue Allocation Staff Mortgage Scheme Fund as at 30 June, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to

sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Fund 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

08 December, 2020

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IX. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
REVENUE			
Interest earned	4	1,649,668	2,593,793
Total revenue		1,649,668	2,593,793
EXPENDITURE			
General Expenses	8	660	330
Transfer to Staff Car Loan Scheme Fund	8.i	1,000	
Total expenses		1,660	330
Surplus for the period		<u>1,648,008</u>	<u>2,593,463</u>

The notes set out on pages 5 to 6 form an integral part of the Financial Statements

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

X. STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	5	34,273,809	29,860,421
Receivables	6	87,735,979	79,278,359
		122,009,788	109,138,780
Non-current assets			
		-	-
Total assets		<u>122,009,788</u>	<u>109,138,780</u>
LIABILITIES			
Current liabilities			
Loan Deposits	7	-	-
Undisbursed Loans	7	-	-
Non-current liabilities			
		-	-
Total liabilities		<u>-</u>	<u>-</u>
NET ASSETS		<u>122,009,788</u>	<u>109,138,780</u>
FINANCED BY:			
Authorised and paid up Capital	8	104,305,126	90,805,126
Additional Capital		11,223,000	13,500,000
Accumulated surplus		6,481,662	4,833,654
Total net assets and liabilities		<u>122,009,788</u>	<u>109,138,780</u>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Commission by:


George Ooko, CEO
Commission Secretary/CEO


Ms. Matreen Junge
Finance Manager/ **ICPAK No. 9883**


Dr. Jane Kiringai
Chairperson

Date: 25/9/19

Date: 25/9/19

Date: 25/9/19

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XI. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2019

	Accumulated surplus Kshs	Accumulated surplus Kshs
Balance as at 30 June 2018	4,833,654	2,240,191
Surplus/(deficit) for the period	1,648,008	2,593,463
Transfers to/from accumulated surplus		
Balance as at 30 June 2019	6,481,662	4,833,654

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XII. STATEMENT OF CASH FLOWS

For the year ended 30 June 2019	Note	2018-2019	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Surplus/Deficit for the year before tax		1,648,008	2,593,463
Adjusted for:			
Depreciation and Amortisation		-	-
(Non-cash grants received)		-	-
(Contributed assets)		-	-
Impairment		-	-
(Gains and losses on disposal of assets)		-	-
Contribution to provisions		-	-
Contribution to impairment allowance		-	-
(Finance income)		-	-
Finance cost		-	-
Working capital adjustments:			
(Increase in inventory)		-	-
(Increase)/Decrease in receivables	6	(8,457,620)	(74,678,359)
Increase in deferred income		-	-
Decrease in payables		-	-
Increase in payments received in advance		-	-
Net cash flows from operating activities		<u>(6,809,612)</u>	<u>(72,084,896)</u>
Cash flows from investing activities			
(Increase)/Decrease in accounts receivable		-	-
Decrease in accounts payable		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Additional Capital	8	11,223,000	13,500,000
Net cash flows used in financing activities		<u>11,223,000</u>	<u>13,500,000</u>
Net increase/(decrease) in cash and cash equivalents		4,413,388	(58,584,896)
Cash and cash equivalents at 1 July 2018	5	29,860,421	88,445,317
Cash and cash equivalents at 30 June 2019	5	<u>34,273,808</u>	<u>29,860,421</u>

XIII. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. General Information

The Commission on Revenue Allocation (CRA) was established under Article 215 of the Constitution of Kenya. The Commission's principle responsibility is to provide an objective and independent framework for equitable sharing of nationally raised revenues. The Commission also plays a key role in ensuring that the county governments adhere to prudent financial management principles, enhance revenues for both national and county government. Further, the Commission plays a critical role in addressing regional disparities by proposing recommendations aimed at accelerating balanced development in the country, especially marginalized areas.

2. Statement of Compliance basis of preparation – IPSAS 1

The Financial Statements have been prepared in accordance to and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Accrual Basis Financial Reporting under the Accrual basis of Accounting and relevant legal framework of Kenya. The financial statement complies with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya (PSASB).

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund. The accounting policies adopted will be applied consistently over the years. The financial statements have been prepared on the accrual basis following the Government's standard chart of accounts. The accrual basis of accounting recognizes transactions and events whenever they are incurred.

3. Summary of Accounting policies

(i) Non-Current Assets

The fund does not maintain any non-current assets

(ii) Recognition of Revenue and expenses

Income is recognized in the period in which it's earned. Income is not accrued if its recoverability is doubtful. The Revenue constitutes all incomes accruing to the Fund in the form of interest earned both on the Utilized fund (1%) and Unutilized fund (10% (CBR). All interest is recouped back to the revolving account on a quarterly basis.

(iii) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise Cash book balance as at 30th June 2019.

(iv) Fund Account

The fund is enhanced gradually on an annual basis through annual appropriations from the Commission's Budget. Further, all accrued interest is recouped back to the fund. The Fund was mainly established in order to enable members of staff members acquire loans for purchase of residential homes, acquisition of land and construction of residential homes. The facility is extended to applicants at an interest rate of 4% being 1% to the revolving fund and 3% to the administering bank.

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2018-2019	2017-2018
	Kshs	Kshs
4. Income		
Interest -Utilized Fund (1%)	731,872	-
Interest -Unutilized Fund (4%)	917,795	2,593,793
	1,649,668	2,593,793
5. Cash and cash equivalents		
KCB-Mortgage Account	33,858,985	29,448,684
Short Term deposits	414,824	411,737
	34,273,809	29,860,421
5. Receivables (Current Receivables)		
Outstanding Loans advanced as at 30th June 19	87,735,979	79,278,359
	87,735,979	79,278,359
6. Refundable Deposits from customers		
Loan Deposits	-	-
Undisbursed Loans	-	-
	-	-
7. General Expenses		
Bank Charges	660	330
General Administration Expenses	-	-
	660	330
7 (i) Transfer to another Scheme		
CRA Staff Car Loan Scheme	1,000	
General Administration Expenses	-	-
	1,000	
8. Fund Account		
Capital Fund	104,305,126	90,805,126
Additional Capital	11,223,000	13,500,000
	115,528,126	104,305,126

COMMISSION ON REVENUE ALLOCATION STAFF MORTGAGE SCHEME'S FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

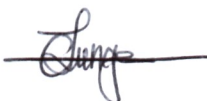
XIV. PROGRESS ON FOLLOW UP OF AUDIT RECOMMENDATIONS

Reference No. on external audit report	Issue / Observation from Auditor	Management Comments	Focal point person to resolve the issue	Status:	Time frame:
N/A	Auditor General gave a clean opinion	N/A	N/A	N/A	N/A



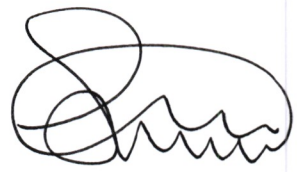
George Ooko, CEO
Commission Secretary/CEO

Date 25/9/19



Ms. Maureen Junge
Finance Manger/ ICPAK No. 9883

Date 25/9/19



Dr. Jane Kiringai
Chairperson

Date 25/9/19

