

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY	
<b>REPORT</b>	
DATE: 25 JUL 2023	DAY: TUESDAY
TABLED BY: OF	Hon. Naomi Wako, MP Deputy majority whip
CLERK OF THE TABLE:	Anne Shibuko

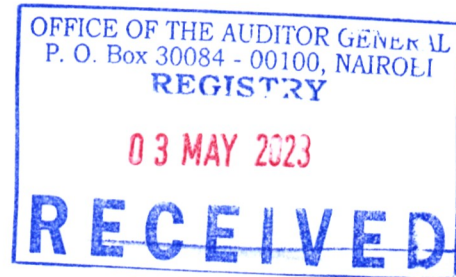
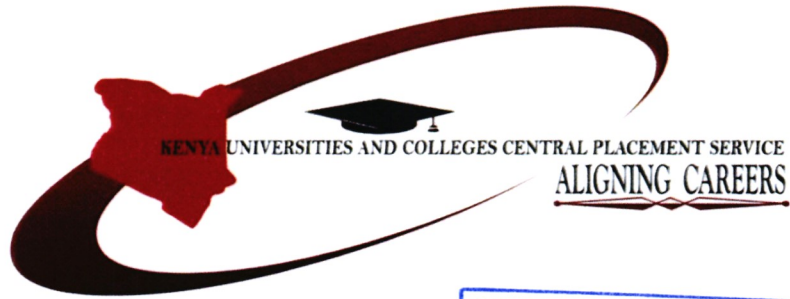
PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2019**



---

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

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan  
Scheme Reports and Financial Statements For the year ended 30 June, 2019**

<b>TABLE OF CONTENT</b>	<b>PAGE</b>
I. KEY KUCCPS STAFF CAR LOAN AND MORTGAGE SCHEME INFORMATION.....	iii
II. MANAGEMENT TEAM.....	vi
III. CHAIRMAN'S STATEMENT.....	x
IV. REPORT OF THE SCHEME ADMINISTRATOR.....	xi
V. CORPORATE GOVERNANCE STATEMENT.....	xii
VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	xiii
VII. REPORT OF THE SCHEME.....	xiv
VIII. STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	xv
IX. REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE STAFF MORTGAGE AND CAR LOAN SCHEME xvii	
X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019 .....	1
XI. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 .....	2
XII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2019 ....	3
XIII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2019.....	4
XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
XV. NOTES TO THE FINANCIAL STATEMENTS .....	6
XVI. ANNEXES.....	19

# Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019

## I. KEY KUCCPS STAFF CAR LOAN AND MORTGAGE SCHEME INFORMATION

### a) Background information

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 16<sup>th</sup> September 2015 and ZZ/MOF/26/03/86/A (134) of 16<sup>th</sup> 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.

### 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.

### Placement Service Mission

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

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**KUCCPS Staff Car Loan and Mortgage Scheme Committee**

The staff car loan and mortgage scheme committee has the following members;

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chairperson	Michael Kimani
2.	Member	Michael Mahia
3.	Member	Ednah Kerubo
4.	Member	Peter Gatumu Ndirangu
5.	Member	Edna Adala
6.	Scheme secretary	Maxwell Okoth
7.	Scheme Administrator	John M. Muraguri

**c) Key Management**

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer	John Muraguri
2.	Finance Manager	Michael Kimani
3.	Manager, Legal Services and Corporation Secretary	Edna Adala
4.	Ag. Manager, ICT & Senior ICT Officer	Dennis Rama
5.	Manager, Human Resource and Administration	Maxwell O. Zange
6.	Manager, Internal Audit	Faith Musya
7.	Manager, Supply Chain Management	Daina Kibogo
8.	Manager, Corporate Communication	Paul Juma
9.	Manager, Placement and Career Services	Daina Kibogo
10.	Manager, Research and Knowledge Management	Dr. Agnes Mercy Wahome

**d) 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 Head of Internal Audit and the Audit Committees of the Placement Service.

**e) Registered Offices**

**Headquarters**

ACK Garden House, 3<sup>rd</sup> Floor (Block C & D)

Ngong 1<sup>st</sup> Avenue, Community

P.O. Box 105166, 00101

**Nairobi, Kenya**

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**(a) KUCCPS Staff Car Loan and Mortgage Scheme Contacts**

Telephone: (+254) 020 5137400, 0723954927, 0734879662

E-mail: [ceo@kuccps.ac.ke](mailto:ceo@kuccps.ac.ke), Website: [www.kuccps.ac.ke](http://www.kuccps.ac.ke)

**(b) KUCCPS Staff Car Loan and Mortgage Scheme Bankers**

HFC Rehani House, Koinange Street/Kenyatta Avenue

P.O. Box 30088, 00100,

**Nairobi, Kenya**

**(c) Independent Auditors**

Auditor-General

Office of the Auditor General, Anniversary Towers, University Way

P.O. Box 30084, GPO 00100

**Nairobi, Kenya**

**(d) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue






P.O. Box 40112, City Square 00200

Nairobi, Kenya






**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**II. MANAGEMENT TEAM**

The following members of staff served in the Placement Service Management team during the Financial Year ended:

No.	Management Member	Details
1.	 <p><b>John Muraguri, Chief Executive Officer</b> 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><b>CPA Michael Kimani</b> 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.
3.	 <p><b>Edna Adala, Corporation Secretary and Legal Manager</b> <i>MBA, LLB (UoN), Dip. Law (KSL), Member LSK, ICPSK, PTA Committee</i></p>	The Corporation Secretary and Legal Manager is responsible for management and administration of the Legal Department, statutory compliance and regulatory requirements.
4.	 <p><b>Maxwell Okoth, Manager, Human Resource and Administration</b> <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><b>CPA Faith Musya, Manager, Internal Audit Manager</b> <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 Reports and Financial Statements For the year ended 30 June, 2019**




6.		<p><b>Daina Kibogo, Manager, Supply Chain Management</b>  <i>M. Sc. Procurement &amp; 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><b>Paul Juma, Manager, Corporate Communication</b>  <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><b>Nancy Soila, Manager, Placement and Career Services</b>  <i>MBA (KU), B. Ed (Moi), Member KIM</i></p>	<p>The Placement and Career Services Manager is responsible for career guidance and placement programmes and activities at the Placement Service.</p>
9.		<p><b>Dennis Rama, Senior ICT Officer &amp; Ag. ICT Manager</b>  <i>B. Sc. (Computer Science)</i></p>	<p>The acting ICT Manager is responsible for Management of ICT infrastructure, systems and software at the Placement Service.</p>
10.		<p><b>Dr. Agnes Mercy Wahome, Manager, Research &amp; Knowledge Management</b> <i>PhD (Health Communication, JKUAT), M.A Medical Sociology &amp; BA Sociology and Communication (UON), Dip. Community Oral Health (KMTc), Dip. Leadership in Strategic Health Communication (Johns Hopkins Center for Communication Program, USA)</i></p>	<p>The Manager, Research &amp; Knowledge Management is responsible for coordination of research, data collection, analysis and documentation at the Placement service.</p>

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**FUND ADMINISTRATION COMMITTEE**

No.	Management Member	Details
1.	 <p><b>CPA Michael Kimani</b> <b>Chairperson,</b> Manager, Finance <i>MBA (UoN), B Com. (KU), CPA-K, Member ICPAK</i></p>	<p>The Finance Manager is responsible for budgeting, budgetary control, financial management and reporting at the Placement Service.</p>
2.	 <p><b>Ms. Edna Adala, Corporation Secretary and Legal Manager</b> <i>MBA, LLB (UoN), Dip. Law (KSL), Member LSK, ICPSK, PTA</i></p>	<p>The Corporation Secretary and Legal Manager is responsible for the overall management and administration of the Legal and Corporation</p>
3.	 <p><b>Michael Mahia</b> <b>ICT , Officer</b> <i>BBIT, JKUAT</i></p>	<p>The Placement Coordination/Career Officer is responsible for Career guidance development and Coordination of Placement</p>
4.	 <p><b>Ednah Kerubo, Senior Accountant</b> <i>MSC Finance (UoN), Bsc.Econ. (Makerere), CPA-K, Member ICPAK</i></p>	<p>The Senior Accountant is responsible for the payroll and Income function of the finance department.</p>

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

5.		<p>Maxwell Okoth, Manager, Human Resource and Administration MBA, B. Com. (UoN), Dip. HRM (KIM), Member IHRM</p>	<p>The Human Resource and Administration Manager is responsible for human capital management and administrative support services at the Placement Service.</p>
6.		<p><b>Peter Gatumu Ndirangu, Placement Coordination and Career development Officer</b>  <i>Bsc. UoN</i></p>	<p>The Senior Assistant Placement /Career Officer is responsible for the validation of student returns data.</p>
7.		<p>John M. Muraguri <b>Scheme Administrator/CEO</b> MBA, B. Ed. (UoN)</p>	<p>The CEO is responsible for the day-to-day operations at the Placement Service.</p>

### **III. CHAIRMAN'S STATEMENT**



It is my pleasure to present the Staff Mortgage and Car Loan Scheme Annual Report and Accounts for the year ended June 30, 2019 of the Kenya Universities and Colleges Central Placement Service.

The scheme provides staff with the opportunity to buy or build a house using mortgage loan that is repayable within a term of up to 20 years and also facilitates staff to acquire motor vehicles through provision of loans to purchase vehicles that are repayable within a term of up to five years.

The Placement Service Staff Mortgage and Car Loan Scheme emanates from the Car Loan and Mortgage Schemes for State and Other Public Officers of 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 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.

The Placement Service has set up a revolving fund to facilitate the operation of the scheme. The funding is provided by the National Treasury. The Placement Service provides the governance and management capabilities to manage the funds. The loan entitlement and conditions are stipulated in a detailed Staff Mortgage and Car Loan Scheme Policy and Regulations.

A Staff Mortgage and Car Loan Scheme Advisory Committee has been set up to oversee the administration and implementation of the scheme. Housing Finance Company Limited (HFC) has been procured to facilitate the administration of the scheme. Since its inception, the scheme witnessed an improved uptake of the car loans and Mortgage as compared to the previous year.

A handwritten signature in blue ink, appearing to read 'Christine Mwaka', with a long horizontal line extending to the right.

**MS. CHRISTINE MWAKA  
CHAIRPERSON, CAR LOAN AND MORTGAGE COMMITTEE**

#### **IV. REPORT OF 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 2018/2019. 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.

The Placement Service 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 financial year 2018/19 saw an improvement in the scheme's operation after its maiden year and the activities included application for loans through the Staff Mortgage and Car Loan Scheme Advisory Committee for review, recommendation and forwarding to the service provider (Housing Finance Corporation) for processing and disbursement.

In Financial Year 2018/19, the scheme capital was built up to Kshs 168 million seeing a growth in the schemes reserve fund, and disbursements of Kshs 29 million to staff for car loan and mortgage. The scheme further realised an income of Kshs 9.1million from the unutilised scheme funds and interest from loans disbursed. The Placement Service will continue to mobilise budgetary allocations in subsequent financial years to enable all staff access the facility.

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

**DR. AGNES MERCY WAHOME,  
CHIEF EXECUTIVE OFFICER/ SCHEME ADMINISTRATOR**

## **V. CORPORATE GOVERNANCE STATEMENT**

The Placement Service Staff Mortgage and Car Loan Scheme operations and financial responsibilities are overseen by the Chief Executive Officer who is the accounting officer. The operations are guided by an approved annual budget based on programmes whose performance is monitored through outputs and outcomes. The budget is informed by detailed work plans that translate in to annual procurement plans.

The scheme has put in place the following standing committees of the Board for oversight purposes: Audit, Risk and Compliance; Technical; and Administration, Finance and Development.

In addition the Internal Audit Department is responsible for continuous review of systems of internal controls and overall risk management systems are in place.

Programmes are monitored against the set targets and appropriate feedback provided. Operational performance is monitored on a monthly basis through periodic financial reporting of actual expenditure versus budget performance, which provides feedback to user departments on appropriate action plans.

Quarterly financial statements are also produced to facilitate continuous evaluation of the overall financial performance of the scheme. The scheme prepares annual statutory financial statements alongside the Placement Service financial statements which are audited by the Office of Auditor-General, who certifies them before inclusion in the annual report.

## **VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The Placement Service continues to be a committed and responsible corporate citizen that pays deliberate attention to community service and the improvement of the welfare of disadvantaged members of the society. This is reflected in the placement process, which deliberately focuses on historically marginalised regions and disadvantaged applicants, such as those with various forms of disability.

In the year under review, Placement Service employees joined thousands of Kenyans for the Standard Chartered Nairobi International Marathon, which took place on October 28, 2018. The goal of the marathon was to raise funds to tackle avoidable blindness in children.

The Placement Service also organised and participated in a joint Corporate Social Investment (CSI) initiative in collaboration with the Higher Education Loans Board. The initiative, undertaken on 21 June, 2019, entailed tree planting and career guidance and mentorship at the Nairobi School. A total of 2,000 tree seedlings were planted by the KUCCPS and H E LB staff supported by the Nairobi School community.



**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**VII. REPORT OF THE SCHEME**

The Scheme submit the report together with the audited financial statements for the year ended 30 June, 2019 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**

The results of the Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2019 are set out from page 1 to 5.

**Trustees**

The members of the Administration committee who served during the year are shown on pages 8 to 9.

**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 RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations require the Board to prepare financial statements in respect of the Placement Service Staff Mortgage and Car Loan Scheme, which give a true and fair view of the state of affairs of the scheme at the end of the financial year/period and the operating results of the scheme for that year/period. The management members are also required to ensure that the scheme keeps proper accounting records which disclose with reasonable accuracy the financial position of the scheme. The management are also responsible for safeguarding the assets of the scheme.

Further, the management 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 ended on 30 June, 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 entity; (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 Placement Service; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The management accepts responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Board members are of the opinion that the Scheme's financial statements give a true and fair view of the state of the Scheme's transactions during the financial year ended 30 June, 2019, and of its financial position as at that date. The Board Members further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control.

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

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**Approval of the financial statements**

The Staff Mortgage and Car Loan Scheme's financial statements were approved by the Board on 31<sup>st</sup> August, 2019 as part of the Placement service main account 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, 2019**

---

### **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, 2019, and the statement of financial performance, statement of changes in net 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, 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 the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **1. Inaccuracies in the Financial Statements**

###### **1.1 Statement of Cash Flows**

The statement of cash flows reflects cash and cash equivalents of an amount of Kshs.139,412,583. However, casting the accuracy and review of the statements revealed that the cash and cash equivalents as at 1 July, 2018 was not included resulting to understatements of an amount of Kshs.156,655,556 not explained.

In the circumstances, the accuracy and completeness of the cash and cash equivalents of an amount of Kshs.139,412,583 could not be confirmed.

## **1.2 Statement of financial performance**

Review of the statement of financial performance revealed a nil balance in respect of 3% commission on service providers. However, the staff mortgage and car loans bank statements reflects an amount of Kshs.329,644 in respect of tax on credit and other bank charges which are not included as expenses in the statement of financial performance.

In the circumstances, the accuracy and completeness of the nil balance in respect of 3% commission on service providers could not be confirmed.

### **Basis for Qualified Opinion**

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

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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, 2019 were submitted to the Auditor-General on 27 March, 2023, forty-five (45) months after the statutory deadline to submit of 30 September, 2019. 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 addition, the statement of changes in net assets presented the balances of the previous year and not the year under review.

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 else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

#### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

12 June, 2023


Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019

**X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2018-2019 Kshs	2017-2018 Kshs
<b>Revenue from exchange transactions</b>			
Interest on Bank Balance	7	9,132,004	9,355,556
Interest on Individuals Staff Mortgage		-	-
Interest on Individuals Car loans		-	-
		<b>9,132,004</b>	<b>9,355,556</b>
<b>Total revenue</b>		<b>9,132,004</b>	<b>9,355,556</b>
<b>Expenses</b>			
3% commission on Service provider		-	-
<b>Total expenses</b>		-	-
<b>Surplus for the period</b>		<b>9,132,004</b>	<b>9,355,556</b>
<b>Surplus attributable to Scheme</b>		9,132,004	9,355,556
<b>Total Surplus</b>		<b>9,132,004</b>	<b>9,355,556</b>

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

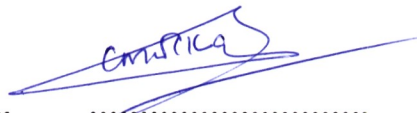
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

  
 .....  
**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

Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019


XI. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	139,412,583	156,655,556
Short term Receivables from Staff Mortgage		-	-
Short term Receivables from Car Loan		-	-
<b>Total Current Assets</b>		<b>139,412,583</b>	<b>156,655,556</b>
<b>Non-current assets</b>			
Long term Receivables from Staff Mortgage	11	29,074,977	2,700,000
Long term Receivables from Car Loan		-	-
<b>Total non - current assets</b>		<b>29,074,977</b>	<b>2,700,000</b>
<b>Total assets</b>		<b>168,487,560</b>	<b>159,355,556</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		-	-
<b>Non-current liabilities</b>		-	-
<b>Total liabilities</b>		-	-
<b>Net assets</b>		<b>168,487,560</b>	<b>159,355,556</b>
Revenue Reserve	12	18,487,560	9,355,556
Staff Mortgage and Car Loan Reserve Fund	12	150,000,000	150,000,000
<b>Total net assets</b>		<b>168,487,560</b>	<b>159,355,556</b>
<b>Total net assets and liabilities</b>		<b>168,487,560</b>	<b>159,355,556</b>

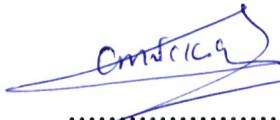
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

  
 .....  
**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


Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019

**XII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2019**


Attributable to the owners of the controlling entity

Description	Accumulated Surplus	Car Loan Reserve	Staff Mortgage Reserve	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance As at 1<sup>st</sup> July 2018</b>	<b>9,355,556</b>	<b>30,000,000</b>	<b>120,000,000</b>	<b>159,355,556</b>
Surplus for the period	9,132,004	-	-	9,132,004
Transfer to Staff Mortgage Reserve	-	-	-	-
Transfer to Staff Car Loan Reserve	-	-	-	-
<b>Balance as at 30<sup>th</sup> June 2019</b>	<b>18,487,560</b>	<b>30,000,000</b>	<b>120,000,000</b>	<b>168,487,560</b>
<b>Balance As at 1<sup>st</sup> July 2017</b>	<b>-</b>	<b>30,000,000</b>	<b>90,000,000</b>	<b>120,000,000</b>
Surplus for the period	9,355,556	-	-	9,355,556
Transfer to Staff Mortgage Reserve	-	-	30,000,000	30,000,000
Transfer to Staff Car Loan Reserve	-	-	-	-
<b>Balance as at 30<sup>th</sup> June 2018</b>	<b>9,355,556</b>	<b>30,000,000</b>	<b>120,000,000</b>	<b>159,355,556</b>

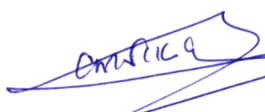
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

  
 .....  
**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

Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019

XIII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
Cash and cash equivalents at the beginning of the year		156,655,556	120,000,000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest on Mortgage	7	7,078,646	7,016,667
Interest on Car Loan	7	2,053,358	2,338,889
		<b>9,132,004</b>	<b>9,355,556</b>
<b>Payments</b>			
Administration costs		-	-
Finance cost		-	-
<b>Net cash flows from operating activities</b>		<b>9,132,004</b>	<b>9,355,556</b>
<b>Cash flows from investing activities</b>			
Disbursement to staff	8	(29,526,394)	(2,700,000)
(Decrease)/increase in non-current receivables			
(Decrease)/(Increase) in investments			
<b>Net cash flows used in investing activities</b>		<b>(29,526,394)</b>	<b>(2,700,000)</b>
<b>Cash flows from financing activities</b>			
Increase Staff Mortgage Fund		3,023,128	30,000,000
Increase Staff Car Loan Fund		128,289	-
<b>Net cash flows used in financing activities</b>		<b>3,151,417</b>	<b>30,000,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(17,242,973)</b>	<b>36,655,556</b>
<b>Cash and cash equivalents as at 30<sup>th</sup> June</b>		<b>139,412,583</b>	<b>156,655,556</b>



.....  
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

Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019

XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

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
<b>Revenue</b>						
Transfers from KUCCPS	-	-	-	-	-	0%
Interest income	-	-	-	9,132,004	-	0%
<b>Total Revenue</b>	-	-	-	9,132,004	-	0%
<b>Expenses</b>						
<b>Expenditure</b>	-	-	-	-	-	0%
<b>Surplus for the period</b>	-	-	-	9,132,004	-	

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

### **1. General information**

The Placement Service Staff Mortgage and Car Loan Scheme became operational in 2016 after all necessary approval from relevant bodies were sought. The Placement Service Staff Mortgage and Car Loan Scheme emanates from the Car Loan and Mortgage Schemes for State and Other Public Officers of Government of Kenya that was established in December 2014 by the Salaries and Remuneration Commission's (SRC) in collaboration with the National Treasury.

### **2. Statement of compliance and basis of preparation-IPSAS 1**

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 Placement Service accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Placement Service and all values are rounded to the nearest Kenya Shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

The comparative figures for the year ended 30 June, 2018 are given for ease reference.

### 3. ADOPTION OF NEW AND REVISED STANDARDS

#### i. Relevant new standards and amendments to published standards effective for the year ended 30 June, 2019.

Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan adopted the International Public Sector Accounting Standards for the first time in 2016.

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

Standard	Effective date and Impact
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019:</b> 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	<b>Applicable: 1<sup>st</sup> January 2018</b> 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.

#### ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

### 4. Summary of significant accounting policies

#### a) Revenue recognition

##### i) Revenue from non-exchange transactions

#### Government Grants

Government grants are only recognised when received or where the government gives a specific written undertaking on the same. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or

## **Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

service potential associated with the asset will flow to the Scheme and the fair value of the asset can be measured reliably.

### **Transfers from other Government Entities**

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

#### **ii) Revenue from exchange transactions**

### **Rendering of services**

The Placement Service Scheme recognizes revenues from interest earned from the unutilised funds from the scheme and the mortgage and car loan to staff members.

### **Sale of goods**

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

### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

#### **b) Budget information-IPSAS 24**

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

**c) 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 car loan and mortgage 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 car loan and mortgage Scheme has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, with less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Placement Service Staff car loan and mortgage Scheme assesses at each reporting date whether there is objective evidence that a financial asset or a Scheme of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Scheme is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the

asset (*an incurred 'loss event'*) and that loss event has an impact on the estimated future cash flows of the Scheme that can be reliably estimated. Evidence of impairment may include the following indicators:

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

## **2) Financial liabilities**

### ***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Placement Service Staff 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.

#### **d) 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 car loan and mortgage Scheme had no contingent liability during the year.

#### **e) Contingent assets**

The Placement Service Staff Car Loan and Mortgage 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

## **Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

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 Car Loan and Mortgage Scheme had no contingent assets during the year.

### **f) Nature and purpose of reserves**

Placement Service Staff Car Loan and Mortgage 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 car loan and mortgage 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.

### **g) Changes in accounting policies and estimates**

The Placement Service Staff car loan and mortgage 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.

### **a. 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.

### **b. Related parties**

The Placement Service Staff car loan and mortgage 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

## **Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

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.

### **c. Cash and cash equivalents**

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

### **d. Comparative figures**

The Placement Service staff car loan and mortgage Scheme was established and became operational in the year 2017, comparative figures are for 2017/2018 financial year.

### **e. Currency**

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

### **f. Significant judgement and sources of estimation uncertainty**

The preparation of the Placement Service staff car loan and mortgage 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.

### **g. 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.

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**h. 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 condition of the asset is based on the assessment of experts employed by the Scheme
- iii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed Availability of Scheme to replace the asset Changes in the market in relation to the asset.

**6. Transfers from the Parent Ministry/SC/SAGA**

Description	2019/20	2018/19
	Kshs.	Kshs.
Transfers from Government entities– operations	-	-
Payments by Government entity on behalf of the Placement Service Staff Car Loan and Mortgage Scheme	-	-
<b>Total</b>	-	-

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

**7. Interest income**

Description	2018/19	2017/18
	Kshs.	Kshs.
Interest Income from Car Loan and Mortgage Loans	9,132,004	9,355,556
<b>Total Interest Income</b>	<b>9,132,004</b>	<b>9,355,556</b>

The Placement Service staff car loan and mortgage Scheme funds earned interest at the rate of 2% from Staff loans and market rate for the unutilised deposit.

**8. Loan issued and Repayment**

Description	2018/19	2017/18
	Kshs.	Kshs.
Loan Repayment	3,151,417	-
Loan Issued to staff	(29,526,394)	(2,700,000)
<b>Total Cash and Cash equivalents</b>	<b>(26,374,977)</b>	<b>(2,700,000)</b>

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**9. (a) Cash and cash equivalents**

<b>Description</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>Kshs.</b>	<b>Kshs.</b>
KUCCPS Staff Mortgage Account	108,037,427	124,316,667
KUCCPS Staff Car loan Account	31,375,156	32,338,889
<b>Total Cash and Cash equivalents</b>	<b>139,412,583</b>	<b>156,655,556</b>

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

<b>Description</b>		<b>2018/19</b>	<b>2017/18</b>
<b>Financial Institution</b>	<b>Account number</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>KUCCPS Staff Car Loan &amp; Mortgage</b>			
HF -Mortgage Account	2211863401	108,037,427	124,316,667
HF -Car loan Account	2211863402	31,375,156	32,338,889
<b>Grand Total</b>		<b>139,412,583</b>	<b>156,655,556</b>

**10. (a) Current Receivables from Non-Exchange transactions**

<b>Description</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Transfers from Government Entities	-	-
Transfer from KUCCPS main account	-	-
<b>Total Receivables from Non-Exchange Transactions</b>	<b>-</b>	<b>-</b>

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

**11. Non-Current receivables from Exchange transactions**

<b>Description</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Transfers from Government Entities	-	-
Transfer from KUCCPS main account	29,074,977	2,700,000
<b>Total Non- Current Receivables from Non-Exchange Transactions</b>	<b>29,074,977</b>	<b>2,700,000</b>

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**12. Reserves**

Description	2018/19	2017/18
	Kshs.	Kshs.
KUCCPS staff Mortgage Reserve	120,000,000	120,000,000
KUCCPS staff Car loan Reserve	<b>30,000,000</b>	<b>30,000,000</b>
Revenue Reserve	<b>18,487,560</b>	<b>9,355,556</b>
<b>Total car loan and mortgage</b>	<b>168,487,560</b>	<b>159,355,556</b>

**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 Car Loan and Mortgage 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 car loan and mortgage 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 Car Loan and Mortgage Scheme's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Placement Service Staff car loan and mortgage 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:

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2019</b>				
Receivables from Exchange Transactions-Car loans and mortgages	29,074,977	29,074,977	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	139,412,583	139,412,583	-	-
<b>Total</b>	<b>168,487,560</b>	<b>168,487,560</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2018</b>				
Receivables from Exchange Transactions- Car loans and mortgages	2,700,000	2,700,000	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	156,655,556	156,655,556	-	-
<b>Total</b>	<b>159,355,556</b>	<b>159,355,556</b>	<b>-</b>	<b>-</b>

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Placement Service Staff car loan and mortgage 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.
<b>At 30 June 2019</b>				
Trade Payables	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2018</b>				
Trade Payables	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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 Car Loan and Mortgage 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 Car Loan and Mortgage 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 Car Loan and Mortgage 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 Car Loan and Mortgage 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 car loan and mortgage 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.

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**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:

<b>Description</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Revolving KUCCPS Staff Car Loan and Mortgage Scheme	159,355,556	150,000,000
Accumulated surplus	9,132,004	9,355,556
<b>Total KUCCPS Staff Car Loan and Mortgage Schemes</b>	<b>168,487,560</b>	<b>159,355,556</b>
<b>Total Borrowings</b>	-	-
Less: Cash and Bank Balances	139,412,583	159,355,556
Net debt/(excess cash and cash equivalents)	(139,412,583)	(159,412,583)
<b>Gearing</b>	-	-

**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 12<sup>th</sup> July, 2021 and Mr. Cyrus Gituai was appointed as the Board Chairman with effect from 13<sup>th</sup> July, 2022.
- ii) The term of the Chief Executive Officer, Dr. John Muraguri expired and Dr. Agnes Mercy Wahome appointed with effect from 1<sup>st</sup> February, 2021.
- iii) Ms. Christine Mwaka was appointed the Chairman of the Staff Car Loan and Mortgage Scheme effective 29<sup>th</sup> 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

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**XVI. ANNEXES**

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

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)

There are no prior year recommendations from the Auditor General.

.....  
**Dr. Agnes Mercy Wahome**  
**Chief Executive Officer / Scheme Administrator**  
**20 March, 2023**

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**ANNEX II: Inter-Entity Confirmation Letter**


*KUCCPS Staff Car Loan and Mortgage Scheme*

The *Placement Service* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2019 as indicated in the table below.

Confirmation of amounts received by PLACEMENT SERVICE Staff Car Loan and Mortgage Scheme as at 30th June 2019							
Reference Number	Date Disbursed	Amounts Disbursed by KUCCPS Staff Car Loan and Mortgage (Kshs) as at 30th June 2019				Amount Received by KUCCPS Staff Car Loan and Mortgage Scheme (Kshs) as at 30 <sup>th</sup> June 2019 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

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

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

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

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**ANNEX III: Reporting of Climate Relevant Expenditures**

Name and contact details of contact person .....

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

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

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2019**

**ANNEX IV: Disaster Expenditure Reporting Template**

Date:						
Placement Service Staff Car Loan and Mortgage Scheme						
Period to which this report refers (FY)	2018/2019		Annual			
Name of Reporting Officer	Dr. Agnes Mercy Wahome					
Contact details of the reporting officer:	Email: ceo@kuccps.ac.ke		Telephone: 02051374000			
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 (Kshs.)	Comments

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