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THE NATIONAL ASSEMBLY
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DATE: 25 APR 2023

DAY:

TUESDAY

REPORT

TABLED
BY:

Hon. Kimani Ichungwah, MP
Leader of the Majority Party

CLERK-AT
THE TABLE:

OF

Inzofu Mwale

THE AUDITOR-GENERAL

ON

PUBLIC SERVICE SUPERANNUATION FUND

**FOR THE EIGHTEEN (18) MONTHS
PERIOD**

ENDED 30 JUNE, 2022



THE PUBLIC SERVICE SUPERANNUATION FUND



PUBLIC SERVICE SUPERANNUATION FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 18 MONTHS PERIOD ENDED

30TH JUNE 2022

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

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

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Key Entity Information and Management

Background information

Public Service Superannuation Scheme (PSSS) is a Defined Contribution (DC) Retirement Benefits Fund established under the Public Service Superannuation Scheme Act No. 8 of 2012 which was enacted as part of Government reforms initiatives in the Pensions Sector. The Act established the contributory Public Service Superannuation Scheme (PSSS) in line with the policy direction issued by Government through the National Treasury Circular No. 18 of 2010.

The Public Service Superannuation Scheme commenced on 1st January 2021 as per Legal Notice No. 156 published in the Kenyan Gazette Supplement No. 146 of 12th August 2020.

The Scheme membership is drawn from Civil Servants, Teachers employed by the Teachers Service Commission and Disciplined Services Personnel (National Police Service, Prisons Service and the National Youth Service).

Mission

To receive, prudently invest and safeguard members' contributions for prompt payment of benefits and secured retirement.

Vision

A trusted retirement benefits provider, committed to secure savings and optimal investments.

Core Values

- (i) Responsiveness
- (ii) Integrity
- (iii) Transparency and Accountability
- (iv) Professionalism
- (v) Teamwork

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Principal Activities

The objective and purpose of the Public Service Superannuation Fund is to;

- (i) Pay retirement benefits to members of the Fund;
- (ii) Ensure timely payments of benefits to members as and when they become due;
- (iii) Improve the social security of members; and
- (iv) Establish a uniform set of rules, regulation and standards for the administration and payment of retirement benefits for members of the Fund.

Key Management

The Public Service Superannuation Fund day-to-day management is under the following key organs:

- Board of Trustees
- Chief Executive Officer/Secretary to the Board of Trustees

Fiduciary Management

The key management personnel who held office for the 18 months ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. CEO/ Secretary to the Board	Alice Nyariki, OGW

The Board of Trustees is supported by a Secretariat that is headed by the Ag. CEO, Ms. Alice Nyariki. The Secretariat is drawn from the different employers including the National Treasury, Teachers Service Commission and the State Department for Public Service.

The Human Resource Instruments of the Fund are being developed and once they are ready the Fund will be able to fill the key management positions substantively.

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Fiduciary Oversight Arrangements

Committees of the Board

The Board has a comprehensive structure consisting of committees in line with current legislation and best practices. The Board has four Committees with specific delegated authorities. The Committees are established to support the Board in executing its responsibilities and obligations. The committees meet at least once every quarter and provide detailed reports and recommendations to the Board that assist in decision making. They are established with specific terms of reference that are regularly reviewed and streamlined in accordance with emerging trends.

The appointment of the Committee members is based on the skills set and experience of individual Trustees.

The four current committees in place are;

- i. Finance, Administration and Human Resource Committee
- ii. Strategy, Investment and Risk Committee
- iii. Benefits Committee
- iv. Audit, Legal and Governance Committee

i) Finance, Administration and Human Resource Committee

During the financial year 2021/2022 the finance, administration and human resource committee was chaired by Trustee **Mary Maungu** with Trustees **Michael Kagika**, **Joan Machayo** and **John Matiangi** being members

The mandate of the committee includes;

- i. Planning for Fund AGMs and main Board of Trustees meeting;
- ii. Review of minutes of the last meeting and action items;
- iii. Review of Fund documents;
- iv. Ensure sensitization of members and training of Trustees;
- v. Ensure Fund Compliance;
- vi. Any other administrative services

The committee held 11 meetings during the year. The key activities during the year were;

- i. Appointment of Service Providers
- ii. Recruitment of Chief Executive Officer

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- iii. Training of Board of Trustees and the Secretariat
- iv. Categorization of the Fund
- v. Organizational Structure and Staff Establishment
- vi. PSSS Budget, Work plan and Almanac approval for financial year 2021/2022
- vii. Appointment of Vice Chair of PSSS Board of Trustees

ii) Strategy, Investment and Risk Committee

During the financial year 2021/2022 the Strategy, Investment and Risk Committee was chaired by Trustee **Agnes Mwenda** with Trustees **Rosemary Kuraru, Wicks Njenga, Alice Nyariki** and **Michael Kagika** being members

The mandate of the committee includes;

- i. Assessing and tracking investment Performance targets of the Fund Manager;
- ii. Review and analyse the investment proposals
- iii. Monitory and evaluation of investments
- iv. Fund budget formulation and Analysis
- v. Investment risk management

The committee held 3 meetings during the year. The key activities during the year were;

- i. Investment Policy Strategy
- ii. Opening and operationalization of CDS account
- iii. Investment in government securities

iii) Benefits Committee

During the financial year 2021/2022 the Benefits Committee was chaired by Trustee **John Matiangi** with Trustees **Agnes Mwenda, Michael Kagika, and Mary Maungu** being members.

The mandate of the committee is to review and approval of payment of member benefits.

The committee held 2 meetings during the year. The key activities during the year were;

- i. Modalities of transiting benefits from pension Scheme cap 189 to PSSS Scheme
- ii. Procurement of Service Providers
- iii. Treatment on Accrued Accrued Under Pensions Act Cap 189
- iv. Treatment of Life Insurance Benefits
- v. Treatment of Benefits Accrued under Widows and Children Pensions Scheme, Cap 195
- vi. Opening of Holding and CDS accounts

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vii. Determination of Return on Investement

iv) Audit, Legal and Governance Committee

During the financial year 2021/2022 the Benefits Committee was chaired by Trustee **Wicks Njenga** with **Pamela Ochieng, Joan Machayo** and **Rosemary Kuraru** being members

The mandate of the Fund includes;

- i. Liaison and facilitation of both internal and external auditors for effective discharge of their respective assignments
- ii. Monitoring and reviewing the integrity of the Fund's financial statements
- iii. Reviewing the effectiveness and reliability of management information systems, risk and internal controls systems
- iv. Oversight of the execution of the risk management strategies of the Fund

The committee held one meeting during the year.

The number of Board and Committee meetings held during the year and attendance by individual Trustees is summarized in the Schedule below:

	Full/Special Board	Audit, Legal and Governance	Benefits	Finance, Administration and Human Resource	Strategy, Investment and Risk
Total Meetings	13	1	2	11	3
Trustee Name					
Dr. Edward Odundo, MBS	12		-	-	-
Agnes Mwenda	12		2	-	3
Michael Alfred Kagika, EBS	13	1	2	8	3
Mary Maungu	13		-	11	-
Rosemary Kuraru	10		-	-	2
Joan Machayo	11	1	-	9	-
John Matiangi	11		2	11	-
Wicks Njenga	12	1	-	-	3
Pamela Ochieng	11	1			

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Entity Headquarters

Bima House
Harambee Avenue, Nairobi
P.O. Box 20191-00200
Nairobi, Kenya

Entity Contacts

Telephone: (254) 707665605
E-mail: info@psss.go.ke
Website: www.psss.go.ke

Fund Manager

GenAfrica Asset Managers Limited
Arlington Block, 14 Riverside Business Park
Off Riverside Drive
P.O. Box 79217- 00200
Nairobi, Kenya

Custodians Banker

NCBA Bank Kenya PLC
Mara Road, Uper Hill
P.O. Box 44599 - 00100
Nairobi, Kenya

Co-operative Bank Kenya LTD

Co-operative Bank House
P.O. Box 48231 -00100
Nairobi, Kenya

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Stanbic Bank Kenya LTD
CFC Centre, Chiromo Road
P.O.Box 72833 – 00200
Nairobi Kenya

Independent Auditors

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

Principal Legal Adviser

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

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THE BOARD OF TRUSTEES

Chairperson- Titus Ndambuki, CBS



Mr. Titus Ndambuki joined the Civil Service in September 1981 as Statistical Officer and overtime advanced to the position of a Permanent Secretary in the Ministry of State for Public Service (2005-2013).

After his service as a Permanent Secretary, Mr. Ndambuki was appointed commissioner of the Public Service Commission (2013 – 2019). Thereafter he transitioned to the office of a Technical Advisor in the Ministry of Public Service and Gender (April 2019 - March 2022).

In the course of his career in Public Service, Mr. Ndambuki served in various other capacities including; Vice President of the African Association for Public Administration and Management (AAPAM) (2006 - 2018), Vice Chairman of Kenya Association for Public Administration and Management (KAPAM) (2006 – 2013), Board Member of East and Southern Africa Management Institute (ESAMI) (2006 – 2013), Member of the EAC Service Commission (2016 – 2018), Member of State Corporation Advisory Committee (SCAC) (2019 – 2022) , and Member of Salaries and Remuneration Commission (SRC) (2010-2013).

Mr. Ndambuki holds a Master's degree in Economics from Williams College (U.S.A), Bachelor of Philosophy degree in Economics and Bachelor of Science in Mathematics and Statistics from the University of Nairobi. In recognition of his exemplary performance and contribution to the Public Service, Mr. Ndambuki holds two state decorations: Head of State Commendation (HSC) and the Chief of the Burning Spear (CBS).

Vice Chairperson- Agnes Mwenda



Agnes Mwenda holds a Bachelor of Science in Health Systems Management (BSc- HSM) from Kenya Methodist University (KeMU), a higher diploma in Kenya Registered Psychiatric Nursing (KRPN) and Diploma in Kenya Registered Community Health Nursing (KRCHN) from Kenya Medical

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Training College (KMTC).

In addition, Ms. Mwenda has successfully completed other trainings including: a Management and Leadership course offered by Strategic Leadership Development Programme (SLDP), Corporate Governance training from the Centre for Corporate Governance (CCG), Senior Management Course (SMC) and a Supervisory Skills course at the Kenya School of Government (KSG).

She is also a Member of Union of Kenya Civil Servants (UKCS) where she has served in various leadership capacities at branch and National levels. At the National level she has served as a member of Finance Committee and Standing Committee of the National Hospital Insurance Fund (NHIF). She brings to the Board an extensive experience in industrial labour matters.

Ms. Mwenda represents the Union of Kenya Civil Servants in the Board.

Trustee Michael A. Kagika, EBS



Mr. Michael Kagika joined Public Service in 1992 in the administration cadre. He has accumulated over thirty (30) years of progressive experience in leadership and management in the Public Service. His tour of duty has seen him work as a District Commissioner (DC), Chief Executive Officer of the Rent Tribunal, Administrator in the Ministry of Public Works and Housing, Social Secretary and Administrator at both the State House and the Cabinet Office, Chief Executive Officer and Secretary of the Constitutional Power of Mercy Advisory Committee.

Currently Mr. Kagika holds the office of Pensions Secretary / Director of Pensions in the Ministry of National Treasury and Planning. He has served in this position since October 2019.

He holds a bachelor's degree in Public Administration, master's in public administration and an array of Diplomas and certifications in Management from both local and foreign institutions including: Kenya School of Government (Kabete), Entrepreneurial Development Institute of India (India), East and Southern African Management Institute (ESAMI-Tanzania), Civil Defence Academy (Singapore) and Centre of Excellence for Stability Police Units (Italy).

Mr. Kagika represents the Principal Secretary Ministry of National Treasury and Planning in the Board.

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Trustee Joan A. Machayo



Joan A. Machayo is a director Human Resource Management and Development. She represents the Secretary/CEO Public Service Commission in the Board.

The holds a Master of Business Administration and a Bachelor of Arts degree from the University of Nairobi. In addition, she is a Certified Public Secretary, member of the Institute of Certified Public Secretaries of Kenya (ICPSK), a member of the Institute of Human Resource Management (IHRM) and African Association of Public Administration (AAPAM). Ms Machayo brings to the Board over 30 years' experience in public service and represents the Cabinet Secretary in the Public Service Commission.

Trustee Mary Adhiambo, OGW



Mary Adhiambo is public servant with over 28 years' experience and currently works as a Secretary, Human Resource Management and heads the Human Resource Management function in the Civil Service.

She holds a Master of Science degree in Management and Organization Development from the United State Internal University (2006), a Bachelor of Arts degree from the University of Nairobi (1990) and Executive Diploma in Industrial Relations offered by the USIU-A and Federation of Kenya Employers (FKE) (2016).

Ms. Adhiambo has served in various boards as the alternate member to the Principal Secretary for Public Service. These include: the National Hospital Insurance Fund (2012- 2015), National Employment Authority (2016 – 2018), Public Service Commission and currently a Trustee and the Chair of Finance, Human Resource and Administration Committee at the Public Service Superannuation Scheme (PSSS). She was recently honored by H.E the President with the Order of Grand Warrior (OGW).

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Trustee Wicks Mwethi Njenga

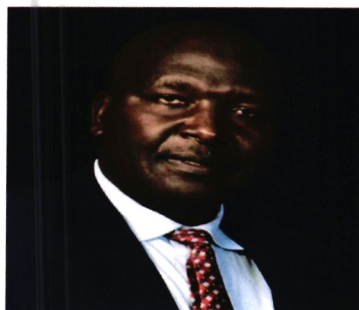


Mr. Wicks Njenga served as a teacher (1988 – 2001) in various Public Secondary Schools. He was elected as the Kiambu Branch of Kenya Union of Post Primary Education Teachers (KUPPET) Executive Secretary (2001 – 2010) and re-elected in January 2013.

He also elected as the National Treasurer of KUPPET, a position he has served since 2006. He is also an Examiner at the Kenya National Examinations Council. Mr Wicks was appointed to the Board of the Public Service Superannuation Fund (PSSF) in 2021 to represent KUPPET. In the Board, he serves as the chairman of the Audit and Risk Management Committee.

Mr. Wicks holds a Bachelor of Education degree from Kenyatta University 1988.

Trustee John Matiang’i



John Omambia Matiang’i holds a Master of Education degree from the University of Eastern Africa Baraton (UEAB) (2013) and a Bachelor of Education- Arts degree from the University of Nairobi (2008). He is currently pursuing Doctorate of Philosophy (Ph.D) in Education Administration from the University of Nairobi.

Mr. Omambia other local and international trainings in Senior Management, Leadership Development, Administration, Strategic Planning, Corporate Governance, Finance and Budgeting.

He brings to the Board over 31 years of experience in public service. He currently holds the position of Deputy Director of Education in the Directorate of Project Coordination and Delivery in the Ministry of Education. Mr. Omambia has also served as the National Treasurer of the Kenya Nation Union (KNUT) of Teachers (KNUT). He brings to the Board an extensive experience and understanding in industrial labour matters. He represents KNUT in the Board of Trustees where is also serves as the chairman of the Benefits Committee.

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Trustee Rosemary Kuraru



Ms. Kararu is a Senior Assistant Inspector in the National Police Service. She is an alumna of the prestigious National Defence College of Kenya. She holds an MBA (International Relations & Diplomacy) from the University of Nairobi (UoN), a Bachelor of Science in Counselling Psychology from Mt. Kenya University (MKU) and a Higher Diploma in Psychological Counseling from Kenya Methodist University (KEMU).

In addition, Ms Kararu has attended various trainings including: Corporate Governance Training (2022), Trustee Development Training in Kenya (2021), State Corporations Advisory Committee (SCAC) Training (2017), Senior Mission Leadership Course at the International Peace Support Training Centre (IPSTC, 2017), Strategic Leadership Development Programme (SLDP, 2016), and Senior Management Course (SMC, 2014) at the Kenya School of Government.

Rosemary is a career Police Officer, who joined the National Police Service in 1993 as a Police Constable. She has served for twenty-nine (29) years and has risen through the ranks in the male-dominated Police Service to become among the first women to achieve the rank of Senior Assistant Inspector General of Police and the first woman Director of Human Capital Management in the National Police Service.

In the Board, she represents the Inspector General of National Police Service.

Trustee Pamela Ochieng



Ms Pamela holds a master's degree in human resource from University of Nairobi (UoN), a bachelor's degree in Education from Kenyatta University and diplomas in counselling from Amani Counselling Institute and Human Resource Management (Kenya National Examination Council). She is currently undertaking a PhD in Human Resource Management at Kabarak University.

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Pamela has undertaken trainings in Strategic leadership Development Program (SLDP), Knowledge Management, Job Evaluation, Integrity, and National Values. She is a trainer of trainers for Kenya School of Government (KSG) senior management course, a trainer of trainers in Job Evaluation and a principal master trainer in Competency Based Curriculum (CBC).

Pamela is a member of The Institute of Human Resource Management, the Institute of Internal Auditors (IIA) and Home Economics Teachers Association.

Pamela has worked for Teachers Service Commission for 32 years; 18 years as a teacher and 14 years as a Human Resource Manager in the county and currently at the headquarters as a Deputy Director Human Resource Management.

In the board, she represents the Secretary to the Teachers Service Commission

Ag. CEO /Secretary to the Board Alice Nyariki, OGW



Ms. Alice Nyariki is a pensions' professional with over 25 years' experience in the management and administration of public pension schemes within the Government of Kenya. Her experience spans both the policy and administrative levels. She holds a high profile in setting up of public service pension policies, planning and budgeting.

Ms. Nyariki holds a Msc in Management from the University of Middlesex (2006) and Bachelor of Arts degree in Sociology from the University of POONA (1987)

She was a Senior Deputy Director of Pensions at the National Treasury prior to her appointment as acting Chief Executive Officer of Public Service Superannuation Scheme. She has served in various boards representing the Principal Secretary, National Treasury and is currently a Trustee in the Judiciary Service Staff Superannuation Scheme, ODPP, and Pharmacy Board pension schemes.

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CHAIRMAN'S STATEMENT


The Public Service Superannuation Scheme (PSSS) is one of the key milestones in the pensions Sector reforms. One and half years down the line the Board of Trustees and the management have committed themselves to ensure the business of the fund is achieved to the best level.

The Fund has adopted a result-oriented and risk based approach in order to balance between appetite for good returns and risk exposure. Owing to the impact of Covid-19 on investment returns the Board decided to invest in government securities so as to ensure guaranteed returns on the investments. This has ensured that the Fund Value keeps growing.

The business of the Fund is aligned to the major government policy directions issued from time to time in order to ensure support for the economy and the well-being of its members.

PSSF thrives from the good will and support of its members, the Sponsor and other stakeholders. We highly appreciate them and promise to keep our commitment to serve them even better going forward. I would like to thank the management and staff of PSSF for the performance of the Fund and wish to express my gratitude to the Board members for their commitment to ensure the mandate of the Fund is achieved.

Thank you and God Bless.



Titus M. Ndambuki, CBS
Chairperson

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REPORT OF THE CHIEF EXECUTIVE OFFICER

We have come to the end of the financial year 2021/2022 and I am delighted to present the first annual report and financial statements for the Fund.

During the period, a lot of positive achievements aimed at laying a firm foundation for the Fund were realized.

Performance Highlights

During the financial year;

- Membership grew from 330,318 in January 2021 to 368,795 in June 2022.
- Contributions grew to Kshs. 41, 418,455,563.40 by the end June 2022
- The fund realized Investment income amounting to Kshs. 2,892,087,648.
- The Scheme was duly registered with the Retirement Benefits Authority
- The Fund also procured the key service providers
- The Fund also undertook sensitization members and payroll managers from across the MDCAs

Conclusion

The Public Service Superannuation Scheme (PSSS) is strategically positioned as the preferred savings and retirement Scheme in the Public Service Sector. The end of this financial year will not only be celebrated as successful but also challenging the entire scheme fraternity to focus on the identified areas of growth and propel PSSF to the next level.

I convey my gratitude to the Board, management, staff and stakeholders for their continued commitment and support.

Thank you.



Alice Nyariki, OGW

Ag. Chief Executive Officer

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2021/22**

The Public Service Superannuation Fund (PSSF) develops its annual work plans based on the below pillar. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Public Service Superannuation Fund (PSSF) achieved its performance targets set for the 18 months ended 30th June 2022, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Public Financial Management	To increase the reliability, stability and soundness of the financial sector	Increased reliability, stability and soundness of the financial sector	Annual budget presented to the board of trustees	Budget presented to the board of trustees
			Mobilization of funds	A total of Kshs. 44,310,513,211 was realized. This was up from a budgeted amount of Kshs. 41,093,534,686.

The Board of Trustees and Management of PSSS has identified an Investment Fund Manager to leverage on interest income from investments which are used for administration expenses and the balance transferred to the Fund to benefit members.

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CORPORATE GOVERNANCE STATEMENT

The Principle underlying the governance of the Fund is to ensure that governance is maintained at the optimum standards, the Fund achieves its objectives and the optimum risk ratings by regulators. The structures available to support governance of the Fund are:

- i. Board of Trustees;
- ii. Board Committees
- iii. Secretariat; and
- iv. Service providers and advisors

Board of Trustees

The Board of Trustees is the governing body of the Fund and is responsible for the corporate governance of the Fund. The Public Service Superannuation Fund Board of Trustees comprises of a Chairperson and eight (8) Trustees, four (4) of whom represent the stakeholders while three (3) represent employees' unions and one (1) representing the minister responsible for finance. The Chief Executive Officer an ex-officio member of the Board and acts as a Secretary to the Board.

Appointments of Trustees is done for a term of three (3) years and is renewable once.

The formal appointment of Trustees is done in accordance with the PSSS Act under the seal of the sponsor and all continuing and new Trustees execute their mandate as per the PSSS Act.

The Board maintained a diversity of skills, experience, independence, and knowledge to ensure the Fund is responsive to the dynamic business environment. Key among the existing competencies include finance, governance, human resource, labour relations, legal, procurement and risk management.

For the 18 months year ended in 30th June 2022, the following Trustees served in the Board of Trustees of the PSSS Fund

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Name of trustee	Category(Sponsor/Stakeholder/ Union Nominated)	No. of meeting s attende d	Date of Appointment	End of Tenure
Dr. Edward Odundo, MBS	Chairperson	12	1 st January 2021	21 st July 2022
Agnes Mwenda	Union of Kenya Civil Servants	12	1 st January 2021	31 st December 2023
Michael Alfred Kagika, EBS	PS, The National Treasury and Planning	13	1 st January 2021	31 st December 2023
Mary Maungu	PS, State Dept. for Public Service	13	1 st January 2021	31 st December 2023
Rosemary Kuraru	Inspector General - National Police Service	10	1 st January 2021	31 st December 2023
Joan Machayo	Public Service Commission	11	1 st January 2021	31 st December 2023
John Matiangi	Kenya National Union of Teachers	11	1 st January 2021	31 st December 2023
Wicks Njenga	Kenya Union of Post Primary Education Teachers	12	1 st January 2021	31 st December 2023
Pamela Ochieng	Teachers Service Commission	11	1 st January 2021	31 st December 2023

Meetings

The Board of Trustees held 13 Full and Special Board meetings for 18 months ended 30th June 2022. The meetings were held on the dates set out below:

- i. 11th January 2021
- ii. 3rd February 2021
- iii. 11th March 2021
- iv. 23rd April 2021

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- v. 7th May 2021
- vi. 12th August 2021
- vii. 12th October 2021
- viii. 21st October 2021
- ix. 15th February 2022
- x. 11th March 2022
- xi. 29th March 2022
- xii. 18th May 2022
- xiii. 28th June 2022

Management Discussion and Analysis

	FINAL BUDGET	CUMULATIVE INCOME FOR 18 MONTHS ENDED JUNE 2022	SURPLUS	SURPLUS %
	Kshs	Kshs	Kshs	
Net revenue attributed to members	38,593,534,686.00	41,418,455,563.00	2,824,920,877.00	7.32
Investment income	2,500,000,000.00	2,892,057,648.00	392,057,648.00	15.68
TOTAL INCOME	41,093,534,686.00	44,310,513,211.00	3,216,978,525.00	7.80

The total budgeted income for the 18 months ended 30th June 2022 was projected at Kshs. 41,093,534,686 while the amount realized was Kshs. 44,310,513,211. This shows an increase of 7.8% of the total revenue as illustrated in the pie chart below.

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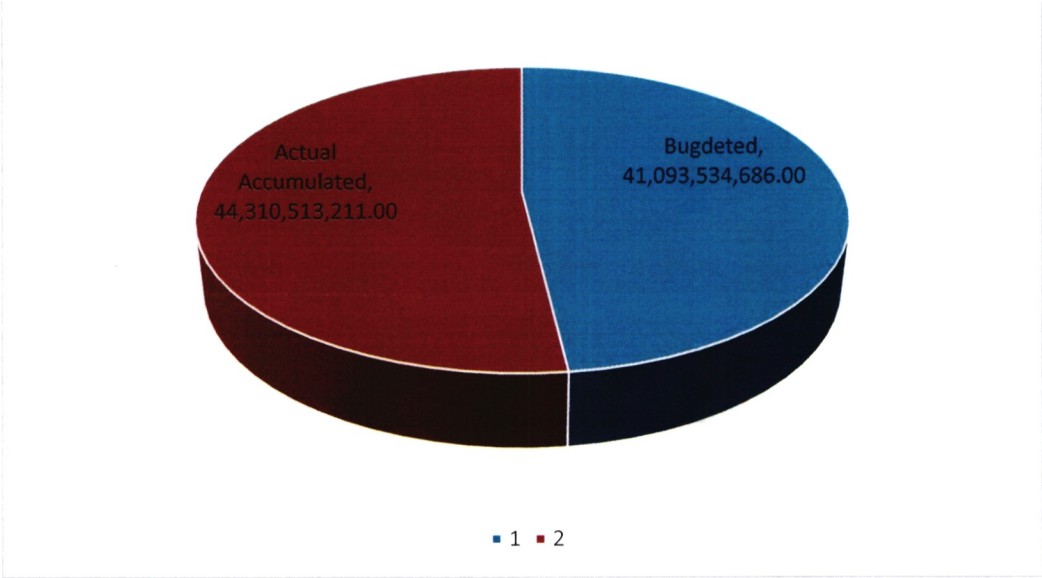


Figure 1: Analysis of the budgeted income against the realization.

Environmental and Sustainability Reporting

Public Service Superannuation Fund (PSSF) exists to transform lives. This is our purpose; the driving force behind everything we do. It’s what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation’s policies and activities that promote sustainability.

a) Sustainability strategy and profile

Corporate Social Responsibility forms part of important activities of the Public Service Superannuation Fund. The Fund ensures that all its activities are undertaken in a socially and environmentally responsible manner. The Fund has participated in socially responsible investments and operations and has not been involved in any activity that may undermine the well-being of the Sponsor, Members or the community in which it operates.

b) Environmental performance

Public Service Superannuation Fund (PSSF) will endeavour to partner with other entities in environmental sustainability activities like tree planting and recycling of items such as paper, plastic, glass and aluminium.

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For the 18 months Period ended June 30, 2022.

STATEMENT OF TRUSTEE RESPONSIBILITY

The Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000 made under the retirement benefits act, 1997 require the trustees to prepare financial statement in prescribed form for each financial year which give a true and fair view of the state of affairs of the Fund as at the end of the financial year and of its net changes in net assets available for benefits. The trustees are also required to ensure that the Fund keeps proper accounting records of its income, expenditure, liabilities and assets. The trustees are also responsible for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud and error. They also accept responsibility for:

1. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements
2. Selecting and applying appropriate accounting policies; and
3. Making accounting statements and judgements that are reasonable in the circumstances

The Trustees are of the opinion that the financial statements give a true and fair view of the net assets available for the benefits and changes in the net assets available for benefits and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards and the Retirement Benefits Act, 1997.

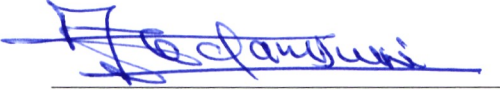
In preparing these financial statements the Trustees have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Trustees to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

The Trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities

Approved by the board of trustees on 20TH SEPT, 2022 and signed on its behalf by;

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

Signed by the Trustees of the Fund on this 30th day of December, 2022



Titus M. Ndambuki, CBS
Chairperson



Alice Nyariki, OGW
Secretary to the Board/ Ag. CEO

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

Report of the Trustees

The Trustees submit their report together with the audited financial statements for the 18 months ended June 30, 2022, which show the state of the Public Service Superannuation Fund affairs.

i. Principal activities

The principal activities of the Entity continue to be:

- (i) Pay retirement benefits to members of the Fund;
- (ii) Ensure timely payments of benefits to members as and when they become due;
- (iii) Improve the social security of members; and
- (iv) Establish a uniform set of rules, regulation and standards for the administration and payment of retirement benefits for members of the Fund.

ii. Results

The results of the Entity for the 18 months ended June 30, 2022, are set out on page xxi

iii. Trustees

The members of the Board of Trustees who served for the 18 months ended 30 June 2022 are shown on page xix.

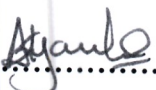
iv. Surplus remission

Public Service Superannuation Fund (PSSF) did not make any surplus during the 18 months ended 30th June 2022 and hence no remittance to the Consolidated Fund.

v. Auditors

The Auditor-General is responsible for the statutory audit of the Public Service Superannuation Fund (PSSF) in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

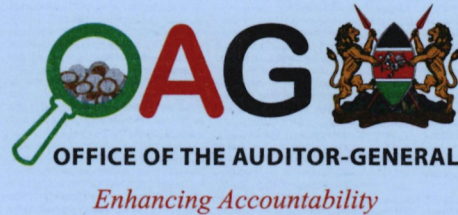

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Alice Nyariki, OGW

Secretary to the Board/ Ag. CEO

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 PUBLIC SERVICE SUPERANNUATION FUND FOR THE EIGHTEEN (18) MONTHS PERIOD ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Public Service Superannuation Fund set out on pages 1 to 12, which comprise of the statement of financial position as at 30 June, 2022, the statement of financial performance, statement of changes in net

Report of the Auditor-General on Public Service Superannuation Fund for the Eighteen (18) Months period ended 30 June, 2022

assets and the statement of cash flows for the eighteen (18) months period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Service Superannuation Fund as at 30 June, 2022, and of its financial performance and its cash flows for the period then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and comply with the Public Finance Management Act, 2012, Public Service Superannuation Scheme Act, 2012 and the Retirement Benefits Act, 1997 (Revised 2020).

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Public Service Superannuation 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 which, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Un-remitted Pension Employer Contributions

The statement of financial position and as disclosed in Note 4 to the financial statements reflects a balance of Kshs.8,308,743,652 in respect of receivables from exchange transactions which includes an amount of Kshs.7,883,302,467 in respect of employer's contributions due as at 30 June, 2022. This is contrary to Section 8(c) of the Public Service Superannuation Scheme Act, 2012 which states that, not later than ten working days after the end of the month in which the contributions are due, the Government shall remit an amount comprising the member's and the Government's contribution to the custodian. As at the time of the audit, in February, 2023, more than seven months after

Report of the Auditor-General on Public Service Superannuation Fund for the Eighteen (18) Months period ended 30 June, 2022

the contributions became due, out of the balance of Kshs.7,883,302,467, only an amount of Kshs.4,012,091,972 had been received leaving a balance of Kshs.3,871,210,495 unremitted and unless it is paid together with the penalty provided for under Section 6(2) of the Public Service Superannuation Scheme Act, 2012, contributors stand to lose returns that would have been earned had the contributions been received in time.

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

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 the Board of Trustees

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis and for maintaining effective internal controls 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 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 that govern them, and that public resources are applied in an effective way.

The Board of Trustees is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 controls 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 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 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 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 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 controls that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 March, 2023

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

Statement of Financial Performance for the 18 Months Period Ended 30th June 2022


	Notes	18months ended 30 th June 2022
		Kshs.
Revenue from non-exchange transactions		
Revenue attributable to members	1	41,418,455,563
Revenue from exchange transactions		
Finance income	2	2,892,087,648
Total Revenue		44,310,543,211
Expenses		
Employee Costs		0
Board Costs		0
General Expenses		0
Total Expenses		0
Other Gains/(Losses)		
Unrealized gain on fair value of investments		0
Total Other gains/(Losses)		
Administrative Recharges		0
Surplus		44,310,543,211

The notes set out on page 9 to 14 form an integral part of these Financial Statements.

The Financial Statements were signed on behalf of the Board of Trustees by:


Alice Nyariki, OGW

Ag. Chief Executive Officer


CPA Daniel Kivungi


ICPAK M/No. 16370


Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

Statement of Financial Position as at 30th June 2022

	Notes	As at 30 th June 2022
		Kshs.
Assets		
Current Assets		
Cash and Cash Equivalents	3	28,650,121
Receivables from exchange transactions	4	8,308,743,652
Current Investments	5	35,973,149,438
Non- current Assets		
Total Assets		44,310,543,211
Liabilities		
Current Liabilities		
Trade and other Payables from exchange transactions		
Total Liabilities		
Net Assets		44,310,543,211
REPRESENTED BY		
FUND BALANCE		44,310,543,211

The accounting policies and explanatory notes to these Financial Statements form an integral part of the Financial Statements. The Financial Statements were signed on behalf of the Board of Trustees by:


Alice Nyariki, OGW
Secretary to the Board/Ag. CEO



CPA Daniel Kivungi
ICPAK M/No. 16370

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

Statement of Changes in Net Assets for the 18 Months Period Ended 30th June 2022

Attributable to members of PSSF	Reserve Fund	Accumulated Surplus	Total
Balance as at 1st Jan 2021	0	0	0
Surplus/(deficit) for the period	0	44,310,543,211	44,310,543,211
Balance as at 30th June 2022	0	44,310,543,211	44,310,543,211

The Financial Statements were signed on behalf of the Board of Trustees by:


Alice Nyariki, OGW
Secretary to the Board/Ag. CEO


CPA Daniel Kivungi
ICPAK M/No. 16370

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

Statement of Cash flows for the 18 Months Period Ended 30th June 2022

	Notes	18 months period ended 30 th June 2022
		Kshs.
Cash flows from Operating Activities		
Operating Surplus/Net Income		44,310,543,211
Less: Non-cash items		
Increase(Decrease) other receivables	4	(8,308,743,652)
Decrease (Increase) other payables		
Net Cash from operating activities		36,001,799,599
Cash flows from Investing Activities		
Purchase/Disposal of Investments		
Government Bonds	5	(35,973,149,438)
Net Cash from (Used in) Investing		(35,973,149,438)
Increase/(Decrease) in Cash & Cash Equivalents		28,650,121
Cash & Cash Equivalents at Beginning of Year		-
Cash & Cash Equivalents at End of Year		28,650,121

The Financial Statements were signed on behalf of the Board of Trustees by:

Alice Nyariki, OGW
 Secretary to the Board/Ag. CEO

CPA Daniel Kivungi
 ICPAK M/No. 16370

For the 18 months Period ended June 30, 2022.

Statement of Comparison of Budget and Actual Amounts

	Note	Original Budget Kshs.	Adjustments Kshs.	Final Budget Kshs.	Actual Comparable Basis Kshs.	Performance Difference Kshs.	% Variance
Income							
Net revenue attributable to members	1	38,593,534,686	-	38,593,534,686	41,418,455,563	2,824,920,877	7.32
Investment Income	2	2,500,000,000	-	2,500,000,000	2,892,057,648	392,057,648	15.68
Change in fair value of assets							
Total Income		41,093,534,686	-	41,093,534,686	44,310,513,211,,	3,216,978,525	7.83
Expenses							
Employee costs							
Remuneration of Board members							
Repairs and Maintenance							
General Expenses							
Total Expenses		-	-	-	-	-	-
Surplus for the Period		41,093,534,686	-	41,093,534,686	44,310,513,211	3,216,978,525	7.83

Public Service Superannuation Fund

Annual Report and Financial Statements

For the 18 months Period ended June 30, 2022.

Note	Description
1.	The variance in the actual Net Revenue from contributions of Kshs. 41,418,455,563 at 7.32% of the expected Ksh38,593,534,686 was due to conversion of personnel who were serving under contract being converted to permanent and pensionable and hence automatically becoming PSSS members.
2.	Investment income includes accrued interest of Kshs.425,441,185

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

SIGNIFICANT ACCOUNTING POLICIES

I. General Information

Public Service Superannuation Scheme (PSSS) is established by and derives its authority and accountability from Public Service Superannuation Scheme Act No. 8 of 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The PSSS's principal activity is to execute their mandate as per the PSSS Act.

II. Statement of Compliance and Basis of Preparation

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the PSSS.

The financial statements have been prepared in accordance with the PFM Act, Public Service Superannuation Scheme Act No. 8 of 2012 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

III. Summary of Significant Accounting Policies

a. Recognition of Revenue

Revenues from member contributions are recognized when the events occurs and the asset recognition criteria are met.

Interest income is recognized when control is obtained and it's probable that the economic benefits related to the asset will flow to the entity and can be measured reliably.

b. Budget Information

The annual budget is prepared on accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of Public Service Superannuation Fund

c. Taxes

PSSS is a registered Retirement Benefits Scheme and is exempt from income tax

d. Cash and Cash equivalents

Cash and Cash equivalent comprise cash at Bank.

e. Comparative figures

Comparative figures for previous period have not been provided since this is a new entity.

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

f. Significant Judgements and sources of estimation uncertainty

The preparation of the entity's financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at 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.

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

1 Revenue attributable to members

	For the 18 Months Period ended 30th June 2022
	Kshs.
Contributions by members	41,418,455,563

2 Finance Income

	For the 18 Months Period ended 30th June 2022
	Kshs.
Interest Received	2,466,646,463
Accrued Interest	425,441,185
TOTAL	2,892,087,648

3 Cash and Cash equivalents

	As at 30th June 2022
	Kshs.
Cash at Bank	28,650,121

4 Receivables from exchange transactions

	As at 30th June 2022
	Kshs.
Current Receivables	
Contributions Due	7,883,302,467
Accrued Interest	425,441,185
TOTAL	8,308,743,652

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

5 Current Investments

This amount represents total amount paid for purchase of bonds as per the schedule below;

For 18 Months Period ended 30th June 2022	Face Value of invest.	Amount Paid
Investment in Government Bonds	34,997,550,000.00	35,973,149,438.00

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

RELATED PARTY TRANSACTIONS

Nature of related Party Relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include Trustees, management personnel, their associates and close family members.

Trustees were remunerated by the Sponsor (The National Treasury) during the period while management personnel were remunerated by their employers who are the stakeholders of the Fund. This is because this was the first period of the Fund and it did not have its own funds to cater for the expenses.

Public Service Superannuation Fund
Annual Report and Financial Statements
For the 18 months Period ended June 30, 2022.

Progress on follow up of Auditor Recommendations

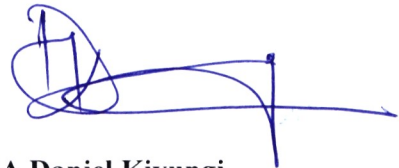
There were no issues with the auditor given that this is the first financial statement of the Fund.

The Financial Statements were signed on behalf of the Board of Trustees by:



Alice Nyariki, OGW

Secretary to the Board/Ag. CEO



CPA Daniel Kivungi

ICPAK M/No. 16370