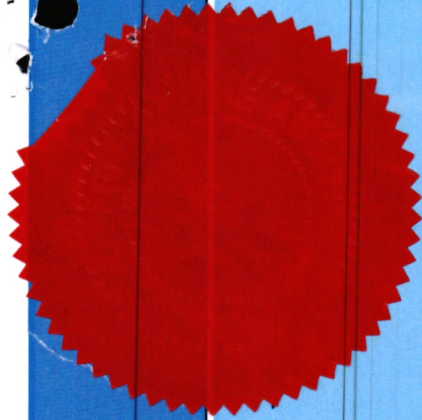



REPUBLIC OF KENYA



*Enhancing Accountability*



 <b>REPORT</b> NATIONAL ASSEMBLY	
DATE: 25 JUL 2023	
DAY: <b>TUESDAY</b>	
TABLED BY: <b>OF</b>	Hon. <del>Naomi</del> Wago, MP
CLERK-AT THE TABLE:	Deputy Majority Whip
	Anne Chubuko

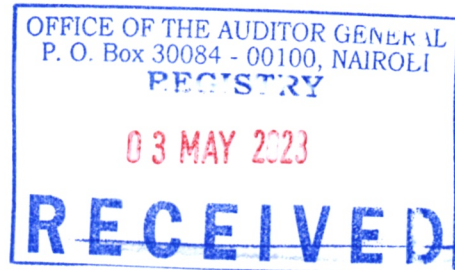
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**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2021**



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**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, 2021**

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

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

### **a) Background information**

The KUCCPS Staff Car Loan and Mortgage Scheme is established pursuant to the Salaries and Remuneration Commission Circular No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014 on Schemes for State Officers and Other Public Officers of Government of Kenya, National Treasury Circular ZZ/MOF/26/03/86 of 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.

### **The Vision of KUCCPS**

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

### **The Mission of KUCCPS**

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

**c) KUCCPS Staff 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	Peter Ndirangu
4.	Scheme Secretary	Maxwell Okoth
5.	Member	Ednah Kerubo
6.	Member	Edna Adala
7.	Scheme Administrator	Dr. Agnes Mercy Wahome

**d) Key Management**

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer	Agnes Mercy Wahome
2.	Chief Executive Officer	John M. Muraguri
3.	Director, Strategy, Planning, Quality Assurance & Compliance	Dr. Christopher Yegon
4.	Director, Placement Coordination and Career Development	Dr. John Oluoch
5.	Finance Manager	Michael Kimani
6.	Manager, Human Resource and Administration	Maxwell Okoth
7.	Manager, Internal Audit	Faith Musya
8.	Ag. Manager, Information, Communication and Technology	Dennis Rama
9.	Manager, Supply Chain Management	Daina Kibogo
10.	Manager, Corporate Communication	Paul Juma
11.	Manager, Placement and Career Development	Nancy Soila
12.	Manager, Legal and Corporation Secretary	Edna Adala

**e) Fiduciary Oversight Arrangements**

The Placement Service has put in place measures and structures to enforce fiduciary and oversight arrangements and ensure compliance. These structures comprise the Head of internal audit and the audit committee of the Placement Board.

**f) 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**

**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)

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

HFC Rehani House, Koinange Street/Kenyatta Avenue

P.O. Box 30088, 00100,

**Nairobi, Kenya**

**g) Independent Auditors**

Auditor-General

Office of the Auditor General, Anniversary Towers, University Way

P.O. Box 30084, GPO 00100

**Nairobi, Kenya**

**h) Principal Legal Adviser**

The Attorney General





State Law Office and Department of Justice

Harambee Avenue







P.O. Box 40112, City Square 00200



**Nairobi, Kenya**

**II. MANAGEMENT TEAM**

No.	Management Member	Details
1.	 <p><b>Dr. Agnes Mercy Wahome, Chief Executive Officer and Fund Administrator</b> 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)</p>	The CEO is responsible for the day-to-day operations at the Placement Service.
2.	 <p><b>John M. Muraguri Scheme Administrator</b> <i>MBA, B. Ed. (UoN)</i>  <b>Chief Executive Officer (Exited in March 2021)</b></p>	The CEO is responsible for the day-to-day operations at the Placement Service.
3.	 <p><b>Dr. Christopher Yegon, PhD, MKIM,</b>  Director, Strategy, Planning, Quality Assurance &amp; Compliance  <i>PhD in Business Administration (JKUAT), MBA (UoN), Bachelor of Business Management (Moi), Diploma in Education</i></p>	The Director, Strategy, Planning, Quality Assurance & Compliance is responsible for coordinating and overseeing the strategy and planning, research and knowledge management, quality assurance, risk and compliance functions in the organisation.
4.	 <p><b>Dr. John Oluoch, PhD, MPRSK, MIHRM</b>  Director, Placement Coordination &amp; Career Development  <i>PhD and Master's Degree in Communication Studies, Postgraduate Diploma in Strategic and Human Resource Management, Postgraduate Diploma in Public Relations, Bachelor's degree in Education</i></p>	The Director, Placement Coordination & Career Development is responsible for coordinating and overseeing placement coordination and career development functions.

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme Reports and Financial Statements for the year ended 30 June, 2021**

5.		<p><b>CPA Michael Kimani</b>  <b>Manager, Finance</b>  <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>
6.		<p><b>Maxwell Okoth, Manager, Human Resource and Administration</b>  <i>MBA, B. Com. (UoN), Dip. HRM (KIM), Member IHRM</i></p>	<p>The Human Resource and Administration Manager is responsible for human capital management and administrative support services at the Placement Service.</p>
7.		<p><b>CPA Faith Musya, Manager, Internal Audit</b>  <i>MBA, B. Ed. (UoN), CPA-K, Member IIA, ICPAK</i></p>	<p>The Internal Audit Manager is responsible for financial and systems audit, assurance and risk advisory services at the Placement Service.</p>
8.		<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>
9.		<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>
10.		<p><b>Dennis Rama</b>  <b>Ag. Manager, ICT</b>  <i>M. Sc. (Information Systems), B. Sc. (Computer Science)</i>  <b>(Exited November 2020)</b></p>	<p>The Ag. ICT manager is responsible for information communication technology operations at the Placement Service.</p>

11.		<p><b>Nancy Soila</b> <b>Placement and Career Services Officer</b></p> <p><i>MBA (KU), B.Ed. (Moi), Member KIM</i></p>	<p>The Placement and Career Services Officer is responsible for all career guidance and placement programmes and activities at the Placement Service.</p>
12.		<p><b>Ms. Edna Adala</b> <b>Corporation Secretary and Legal Officer</b></p> <p><i>MBA, LLB (UoN), Dip. Law (KSL), Member LSK, ICPSK, PTA</i> <b>(Exited January 2021)</b></p>	<p>The Corporation Secretary and Legal Officer is responsible for the overall management and administration of the Legal and Corporation Secretary functions.</p>

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme Reports and Financial Statements for the year ended 30 June, 2021**

**FUND ADMINISTRATION COMMITTEE**

No.	Management Member	Details
1.	 <p><b>CPA Michael Kimani</b>            Manager, Finance  <i>MBA (UoN), B Com. (KU), CPA-K, Member ICPAK</i>  <b>Chairperson</b></p>	<p>The Finance Manager is responsible for budgeting, budgetary control, financial management and reporting at the Placement Service.</p>
2.	 <p><b>Maxwell Okoth, Manager, Human Resource and Administration</b>  <i>MBA, B. Com. (UoN), Dip. HRM (KIM), Member IHRM</i></p>	<p>The Human Resource and Administration Manager is responsible for human capital management and administrative support services at the Placement Service.</p>
3.	 <p><b>Ms. Edna Adala, Corporation Secretary and Legal Officer</b>  <i>MBA, LLB (UoN), Dip. Law (KSL), Member LSK, ICPSK, PTA</i>  <b>(Exited January 2021)</b></p>	<p>The Corporation Secretary and Legal Officer is responsible for the overall management and administration of the Legal and Corporation Secretary functions.</p>
4.	 <p><b>Peter Gatumu Ndirangu, Placement Coordination and Career Development Officer</b>  <i>BSc. (Information Systems), Dip. IMIS, MCP Certification</i></p>	<p>The Placement and Career Development Officer is responsible for career guidance and placement programmes and activities at the Placement Service.</p>
5.	 <p><b>Michael Mahia, ICT Officer</b>  <i>BBIT (JKUAT)</i>  <b>(Exited November 2020)</b></p>	<p>The ICT Officer is responsible for the for the support of the Placement ICT operations</p>

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme Reports and Financial Statements for the year ended 30 June, 2021**

6.		<p><b>Ednah Kerubo</b>  <i>Msc. (Finance &amp; Investments),  BA (Economics), CPA (K),  Member, ICPAK</i></p> <p><b>Senior Accountant</b>  <b>(Exited April 2021)</b></p>	<p>The Senior accountant is responsible for the Budgetary function and receivables functions in the Finance and accounts Department.</p>
7.		<p><b>Agnes Mercy Wahome, Chief Executive Officer</b>  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)</p>	<p>The CEO is responsible for the day-to-day operations at the Placement Service.</p>

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



The Placement Service is committed towards continuously improving the welfare of its staff through implementation of various products such as the KUCCPS staff Mortgage and car loan scheme. The scheme has been in existence for the last five (5) years and is implemented in line with Salaries and Remuneration Commission Guidelines. The benefits derived contribute to attraction and retention of staff.

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. I urge all staff to utilize the opportunity to improve on their wellbeing as well as that of their families.

  
**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 2020/2021. 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 2020/2021 marked the fifth year for the scheme's operation 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 the reporting period, there were five loan applications in different stages. The scheme issued one mortgage loan to staff and four others were in their final stages of disbursement. It is expected that the Fund will be more active in the subsequent financial years.

During the year, the Board approved an increase of the seed capital by an additional Kshs 150 million to the scheme to cater for its increased number of staff. The Placement Service continued to facilitate its secretariat to own houses and cars.

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

**Dr. Agnes Mercy Wahome,**

**Scheme Administrator/ Chief Executive Officer**

## **V. 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, 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**

In line with the approved a Corporate Social Investment and Stakeholder Engagement Policy, the Placement Service engages with stakeholders for collaboration in areas of community transformation. In the year ended, the Placement Service engaged with the State House Girls School community in a tree planting session, where over 2,000 tree seedlings were planted in the school's compound. The activity was undertaken in collaboration with Higher Education Loans Board and the Placement Service contributed one hundred thousand shillings toward the event.



*Tree planting activity at State House Girls High school in Nairobi on June 16, 2021.*

## **VII. REPORT OF STAFF CARLOAN AND MORTGAGE SCHEME COMMITTEE**

The Board and the Scheme submit the report together with the audited financial statements for the year ended 30 June, 2021 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, 2021 are set out from page 1 to 5.

### **Trustees**

The members of the administration committee who served during the year are shown on pages vi to x.

### **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, 2021. 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, 2021, and of its financial position as at that date.

***Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme Reports and Financial Statements for the year ended 30 June, 2021***

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.

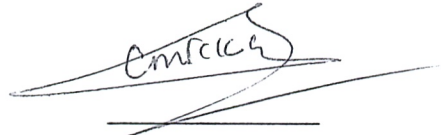
Nothing has come to the attention of the Board to indicate that the Scheme will not remain a going concern for at least the next twelve months from the date of this statement

**Approval of the financial statements**

The Staff Mortgage and Car Loan Scheme's financial statements were approved by the Board in September, 2021 as part of the Placement main accounts and signed on its behalf by:



**Dr. Agnes Mercy Wahome**  
**Scheme Administrator/ Chief Executive Officer**



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

# REPUBLIC OF KENYA



*Enhancing Accountability*

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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, 2021**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

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

22, which comprise of the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in nets assets ,statement of cash flows and summary statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car Loan Scheme as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

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

##### **1.1 Variances Between the Financial Statements Balances and Comparative Balances**

The Fund's statements of financial position reflects two (2) items that varies with 2019-2020 comparative balances as shown below.

<b>Description</b>	<b>Balance in the 2019/2020 Audited financial statements Kshs.</b>	<b>Balance in the 2020/2021 Financial statements Kshs.</b>	<b>Variance Kshs</b>
<b>Statement of Financial Position</b>			
Accumulated Surplus	7,153,313	25,640,873	18,487,560
Staff Mortgage & Car Loan reserve	168,487,560	150,000,000	(18,487,560)

In the circumstance, accuracy and completeness of the balances in the statement of financial position could not be confirmed.

##### **1.2 Variance between Financial statements and Ledger Schedules Balances**

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

Description	Balance in the Audited financial statements Kshs.	Balance in the Supporting ledger Schedules Kshs.	Variance Kshs.
<b>Statement of Financial Position</b>			
Receivables from Non-Exchange Transactions	150,000,000	69,596,249	80,403,751
Receivables from Exchange Transactions	69,647,830	5,733,020	63,914,810

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

### 1.3 Cash and Cash Equivalents

As disclosed in Note 9 to the financial statements, the statements of financial position reflects two (2) bank account balances of Kshs.111,777,645 in respect of cash and cash equivalents. However, review of the certificate of bank balance provided for audit revealed 4 (four) bank accounts balances totalling to Kshs.182,040,469 resulting to an unexplained and unreconciled variance of Kshs.70,762,824.

### 1.4 Statement of Cash Flows

Statements of cash flows reflects cash and cash equivalents balance of Kshs.111,777,645. However, review of the statements of changes in net assets revealed receipt of funds amounting to Kshs.150,000,000 in respect of mortgage and car loan funds which were not included in respect of cash flows from financing activities.

### 1.5 Statement of financial performance

Review of the statement of financial performance revealed a nil balance in respect of total expenses. However, the staff mortgage and car loans bank statements reflects total amounts of Kshs.599,269 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 total expenses could not be confirmed.

## 2. Unsupported Increase in Receivables from Exchange Transactions.

As disclosed in Note 11(b) to the financial statements, the statement of financial position reflects balance of Kshs.69,647,830 and Kshs.64,406,935 in respect of receivables from exchange transactions and its comparative balances respectively resulting to an increase of Kshs.5,240,895 in respect of loans disbursed. However, the supporting documents including list of loan beneficiaries were not provided for audit review.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.69,596,248 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, 2021 were submitted to the Auditor-General on 27 March, 2023, twenty-one (21) months after the statutory deadline to submit of 30 September, 2021. 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. Further, Notes to the financial statements were not included. 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

14 June, 2023

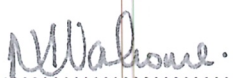
**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2021**


**X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2021**

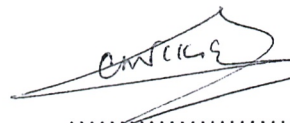
	Notes	2020/2021 Kshs.	2019/2020 Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from KUCCPS		-	-
		-	-
<b>Revenue from exchange transactions</b>			
Interest income staff car loan and mortgage scheme	6	5,784,602	7,153,313
Other income		-	-
		<b>5,784,602</b>	<b>7,153,313</b>
<b>Total revenue</b>		<b>5,784,602</b>	<b>7,153,313</b>
<b>Expenses</b>			
		-	-
<b>Total expenses</b>		-	-
<b>Surplus before tax</b>		<b>5,784,602</b>	<b>7,153,313</b>
<b>Taxation</b>		-	-
<b>Surplus after tax</b>		<b>5,784,602</b>	<b>7,153,313</b>
<b>Total Net assets</b>		<b>5,784,602</b>	<b>7,153,313</b>

The notes set out on pages 6 to 26 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**  
 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

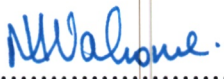

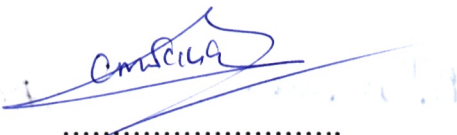
Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2021

XI. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2021

		2020/2021	2019/2020
		KShs	KShs
<b>Assets</b>	<b>Note</b>		
<b>Current assets</b>			
Cash and cash equivalents	9	111,777,645	111,233,938
Receivables from non-exchange transactions	11(a)	150,000,000	-
<b>Total Current Assets</b>		<b>261,777,645</b>	<b>111,233,938</b>
<b>Non-current assets</b>			
Receivables from exchange transactions	11(b)	69,647,830	64,406,935
		69,647,830	64,406,935
<b>Total assets</b>		<b>331,425,475</b>	<b>175,640,873</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions		-	-
		-	-
<b>Non-current liabilities</b>			
		-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>			
Staff Mortgage and Car Loan Reserve	13	300,000,000	150,000,000
Accumulated Surplus		31,425,475	25,640,873
<b>Total net assets and liabilities</b>		<b>331,425,475</b>	<b>175,640,873</b>

The notes set out on pages 6 to 26 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:

		
.....	.....	.....
<b>Dr. Agnes Mercy Wahome</b> Chief Executive Officer	<b>Michael Kimani</b> Fund Accountant ICPAK M/No: 5310	<b>Christine Mwaka</b> Chairperson of the Scheme
20 March, 2023	20 March, 2023	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, 2021

**XII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2021**


Attributable to the owners of the controlling entity

Description	Mortgage Fund	Car loan Fund	Accumulated surplus	Total
	Kshs		Kshs	Kshs
As at 1st July 2020	120,000,000	30,000,000	25,640,873	175,640,873
Surplus for the period			5,784,602	5,784,602
Funds received during the year	130,000,000	20,000,000	-	-
<b>Balance as at 30th June 2021</b>	<b>250,000,000</b>	<b>50,000,000</b>	<b>31,425,475</b>	<b>331,425,475</b>
<b>Balance as at 1st July 2019</b>	<b>120,000,000</b>	<b>30,000,000</b>	<b>18,487,560</b>	<b>168,487,560</b>
Surplus for the period			7,153,313	7,153,313
Funds received during the year	-		-	-
Transfer from KUCCPS				
<b>Balance as at 30th June 2020</b>	<b>120,000,000</b>	<b>30,000,000</b>	<b>25,640,873</b>	<b>175,640,873</b>

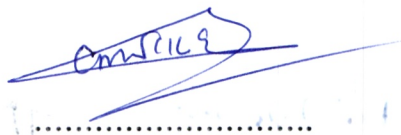
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

  
 .....  
**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, 2021

**XIII. STATEMENT OF CASH FLOWS AS AT 30 JUNE, 2021**

	Notes	2020/2021 KShs	2019/2020 KShs
<b>Cash from operating activities</b>			
Transfer from KUCCPS		-	-
Interest received	6	5,784,602	7,153,313
<b>Total receipts</b>		<b>5,784,602</b>	<b>7,153,313</b>
<b>Payments</b>			
<b>Total payments</b>		<b>-</b>	<b>-</b>
<b>Net cash flows from operating activities</b>		<b>5,784,602</b>	<b>7,153,313</b>
<b>Cash flow from investment activities</b>			
Proceeds from loan principal repayments		5,957,333	3,723,477
Loan Disbursements paid out		(11,198,227)	(39,055,436)
<b>Net Cash flows used in investment activities</b>		<b>(5,240,894)</b>	<b>(35,331,959)</b>
<b>Cash flow from financing activities</b>			
Receipts to the mortgage and Car Loan revolving fund		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>		<b>543,708</b>	<b>(28,178,646)</b>
Cash and Cash Equivalent as at 1st July 2020	9	111,233,937	139,412,583
<b>Cash and Cash equivalent as at 30th June 2021</b>		<b>111,777,645</b>	<b>111,233,937</b>

**XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2021**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	
	A	B	C=(A+B)	D	E=(C-D)	F=D/C
<b>Revenue</b>						
Transfer from AG		-	-	-	-	
Interest income	-	-	-	5,784,602	(5,784,602)	
<b>Total revenue</b>	-	-	-	5,784,602	(5,784,602)	
<b>Expenses</b>						
Employee Costs	-	-	-	-	-	
Use of Goods and Services	-	-	-	-	-	
Finance Costs	-	-	-	-	-	
<b>Total Recurrent Budget</b>	-	-	-	-	-	
<b>Surplus/(Deficit)</b>	-		-	5,784,602	(5,784,602)	

## **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 June 30, 2020 are given for ease reference.

#### **Adoption of new and revised standards**

##### **i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.**

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.

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2021**

<p>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.<b>Standard</b></p>	
<p>Other Improvements to IPSAS</p>	<p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions, which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p><i>(These amendments will not have significant changes since the Placement Service, adopted accrual basis at the beginning)</i></p>

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2021**

**ii. New and Amended Standards and interpretations in issue but not yet effective in the year ended 30 June 2021**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41: Financial Instruments</b>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(The amended standard will not have a major impact in the financial statement of the Placement Service)</i></p>

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41: Financial Instruments</b>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model</li> </ul>

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2021**

Standard	Effective date and impact:
	<p>that is applicable to all financial instruments subject to impairment testing; and</p> <ul style="list-style-type: none"> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(The standard will not have any significant impact on financial statements reporting)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p><i>(This standard will not have any significant impact on the financial statement of the Placement Service given the pension and medical cover have always been reported)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs, which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts, which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS, which were inadvertently omitted when IPSAS 41 was issued.</p>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021.

**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 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) Taxes**

The Scheme which is under the Placement Service has been classified as a Service State corporation category 3A and heavily relies on Government funding thus not subject to the provision of section 219(2) of the public Finance Management Regulations under the Public Finance Management Act.

**d) Property, plant and equipment-IPSAS 17**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**e) Inventories- IPSAS 12**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value.

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the

• **Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2021**

• commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity.

**g) Financial instruments**

*i. 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 Entity 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 Entity 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, 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 Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets 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 financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

### ***Impairment of financial assets***

- The debtors or a entity of debtors 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)

### ***ii. 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 Entity 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.

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***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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.

**Provisions**

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

**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.

**Contingent assets**

The 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 Scheme in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**Reserves**

Reserves are created and maintained in terms of specific requirements. The Board may from time to time establish a specific or general reserve fund to cater for current and future needs of the Scheme.

**h) Changes in accounting policies and estimates**

The changes in accounting policy are recognized retrospectively and the effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**i) 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.

**j) Related parties**

The Scheme regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over Scheme or vice versa. Members of key management are regarded as related parties.

**k) 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.

**l) Segment Reporting**

The Scheme does not have any branches/reporting segments. All the operations are managed from the registered office.

**m) Risk management objectives and policies financial risk management**

The Scheme is exposed to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Scheme's overall risk management programme focuses on the unpredictability of accounts receivable and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

**Credit risk**

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including receivables from staff with loans. Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

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**Liquidity risk**

Cash flow forecasting is performed by the Scheme's committee by monitoring the Scheme's liquidity requirements to ensure it has sufficient cash to meet operational needs by maintaining sufficient cash and marketable securities.

<b>6.Income from Bank Balances</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest Income from Car Loan and Mortgage Scheme	5,784,602	7,153,313
<b>Total Revenue from exchange transactions</b>	<b>5,784,602</b>	<b>7,153,313</b>

The Placement Service Mortgage Scheme has negotiated with its bankers to receive interest on unutilised funds at negotiated market rates. The total received for the period was Kshs 5,784,602

<b>7. Interest Income reconciliation with Cash flow Statement</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest income staff as per statement of financial performance	5,784,602	7,153,313
	-	-
<b>Interest Income as per Cash flow Statement</b>	<b>5,784,602</b>	<b>7,153,313</b>

The loan issued is charged meagre interest of 2% p.a. towards the growth of the Scheme.

<b>8.Expenses</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Commission Administration cost	-	-
<b>Total Expenses</b>	<b>-</b>	<b>-</b>

The loan issued is charged meagre management cost of 3 % p.a. towards the management of the Scheme. This cost is recovered at source and is not received by the scheme.

<b>9. Cash and cash equivalents</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
HFC Mortgage Deposit	79,135,878	81,550,074
HFC Car loan Deposit	32,641,767	29,683,863
<b>Total cash and cash equivalents</b>	<b>111,777,645</b>	<b>111,233,937</b>

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**10 (a) Detailed analysis of the cash and cash equivalents**

<b>Financial Institution</b>	<b>Account number</b>	<b>2020-2021 Kshs.</b>	<b>2019-2020 Kshs.</b>
<b>KUCCPS Staff Car Loan &amp; Mortgage</b>			
HF -Mortgage Account	2211863401	79,135,878	81,550,074
HF -Car loan Account	2211863402	32,641,767	29,683,863
<b>Grand Total</b>		<b>111,777,645</b>	<b>111,233,937</b>

**10. (b) Reconciliation of Cash and Cash equivalents**

<b>Description</b>	<b>2020-2021 Kshs.</b>	<b>2019-2020 Kshs.</b>
Cash and Cash equivalents as per statement of financial position	111,777,645	111,233,937
Amount in cashbook not reflected in Bank statement	-	-
<b>Cash and Cash equivalents as per Statement of cash flows</b>	<b>111,777,645</b>	<b>111,233,937</b>

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

<b>Description</b>	<b>2020-2021 Kshs.</b>	<b>2019-2020 Kshs.</b>
<b>Current receivables</b>		
Short term Receivables from Car Loan and Mortgage Scheme	150,000,000	-
<b>Total Short Term receivables from Scheme</b>	<b>150,000,000</b>	<b>-</b>

**11. (b) Long Term Receivables Scheme transactions**

<b>Description</b>	<b>2020-2021 Kshs.</b>	<b>2019-2020 Kshs.</b>
Long term Receivables from Car Loan and Mortgage Scheme	69,647,830	64,406,935
<b>Total Long Term Receivables from Scheme</b>	<b>69,647,830</b>	<b>64,406,935</b>

The Mortgage scheme loan disbursed are repaid on monthly basis through the payroll.

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**12. Liabilities**

Description	2020-2021 Kshs.	2019-2020 Kshs.
<b>Current Liabilities</b>		
Current Liabilities	-	-
<b>Total Current Liability</b>	-	-
<b>Non-current Liability</b>		
Non-Current Liabilities-from Staff	-	-
Non-Current Liabilities-Interest to HFC	-	-
<b>Total Non-Current Liability</b>	-	-

**13. Net Assets**

Description	2020-2021 KShs	2019-2020 KShs
Revenue Surplus	31,425,475	25,640,873
Staff Mortgage Reserves	250,000,000	120,000,000
Car Loan Reserves	50,000,000	30,000,000
<b>Total</b>	<b>331,425,475</b>	<b>175,640,873</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:

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2021**

**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:

<b>Description</b>	<b>Total amount Kshs.</b>	<b>Fully performing Kshs.</b>	<b>Past due Kshs.</b>	<b>Impaired Kshs.</b>
<b>At 30 June 2021</b>				
Receivables from Exchange Transactions-Car loans and mortgages	69,647,830	69,596,248	-	-
Receivables from Non-Exchange Transactions	150,000,000	150,000,000	-	-
Bank Balances	111,777,645	111,777,645	-	-
<b>Total</b>	<b>331,425,475</b>	<b>331,425,475</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2020</b>				
Receivables from Exchange Transactions- Car loans and mortgages	64,406,935	64,406,935	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	111,233,937	111,233,937	-	-
<b>Total</b>	<b>175,640,872</b>	<b>175,640,872</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

• **Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2021**

liquidity management requirements. The scheme administrator manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

<b>Description</b>	<b>Less than 1 month Kshs.</b>	<b>Between 1-3 months Kshs.</b>	<b>Over 5 months Kshs.</b>	<b>Total Kshs.</b>
<b>At 30 June 2021</b>				
Trade Payables	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Trade Payables	-	-	-	-
<b>Total</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.

**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>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Revolving KUCCPS Staff Car Loan and Mortgage Scheme	150,000,000	120,000,000
Accumulated surplus	31,373,893	25,640,873
<b>Total KUCCPS Staff Car Loan and Mortgage Schemes</b>	<b>181,373,893</b>	<b>175,640,873</b>
Borrowing	-	-
Less: cash and bank balances	111,777,645	111,233,938
Net debt / (excess cash and cash equivalents)	(111,777,645)	(111,233,938)
<b>Gearing</b>	<b>-</b>	<b>-</b>

**14. Events after the Reporting Period**

- i) The term of the Board Chairman, Mr. Joe Owaka Ager, ended on 12 July, 2021 (Kenya Gazette Notice Number 7056 dated 13 July, 2018). Mr. Cyrus Gituai was appointed as the Board Chairman with effect from 13 July, 2022.

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- ii) 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

XVI. ANNEXES

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

There was no prior report from the Auditor General on the Scheme financial statements

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



**Dr. Agnes Mercy Wahome**

**Chief Executive Officer / Scheme Administrator**

**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, 2021

**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, 2021 as indicated in the table below.

**Confirmation of amounts received by PLACEMENT SERVICE Staff Car Loan and Mortgage Scheme as at 30th June 2021**

Reference Number	Date Disbursed	Amounts Disbursed by KUCCPS Staff Car Loan and Mortgage (Kshs) as at 30th June, 2021				Total (D)=(A+B+C)	Amount Received by KUCCPS Staff Car Loan and Mortgage Scheme (KShs) as at 30 <sup>th</sup> June, 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
	June 2021	30,000,000	-	-	30,000,000	30,000,000	-	
<b>Total</b>		<b>30,000,000</b>	<b>-</b>	<b>-</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>-</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**

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

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

Project Name	Project Description	Project Objectives	Project Activities					Source of Placement Service Staff Car Loan and Mortgage Schemes	Implementing Partners
				Q1	Q2	Q3	Q4		
	N/A								

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

**Kenya Universities and Colleges Central Placement Service Staff Mortgage and Car loan Scheme Reports and Financial Statements For the year ended 30 June, 2021**

**Annex IV: Disaster Expenditure Reporting Template**

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

The Placement Service car loan and mortgage scheme did not have expenditure under this category.