

PARLIAMENT  
OF KENYA  
LIBRARY



PARLIAMENT  
OF KENYA  
LIBRARY

## Salaries & Remuneration Commission

R e w a r d i n g   p r o d u c t i v i t y

**2016/2017**  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30 2017**

**Mandate**

The Salaries and Remuneration Commission (SRC) is a Constitutional Commission created under Chapter 15 of the Constitution of Kenya, 2010. The Commission is specifically established under Article 230 (1) of Constitution of Kenya, 2010. It is mandated to set and regularly review the remuneration and benefits of all the State Officers; and advise the National and County Governments on the remuneration and benefits of all other Public Officers. The other functions and powers of the Commission are provided under Section 11 and Section 13 (1, 2) of the Salaries and Remuneration Commission Act, 2011.

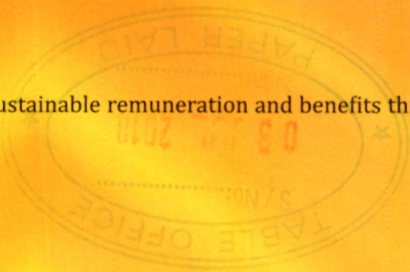
*Paper laid  
by leader of  
Majority  
Party  
Tuesday July 3 2018  
A...*

**Vision**

Equitable and sustainable remuneration and benefits for state and public officers in Kenya

**Mission Statement**

To set, review and advise on fair, competitive and sustainable remuneration and benefits through research and analysis



**Core Values**

- Objectivity
- Integrity
- Accountability and Transparency
- Responsiveness
- Team work
- Creativity and Innovation
- Inclusiveness

## ACRONYMS AND ABBREVIATIONS

ADC	Agricultural Development Corporation
ADRA	Adventist Development and Relief Agency
AFC	Agricultural Finance Corporation
CBA	Collective Bargaining Agreements
CBK	Central Bank of Kenya
COTU	Central Organization of Trade Unions
CPS	Certified Public Secretary
CUE	Commission for University Education
CUEA	Catholic University of Eastern Africa
DCSS	Directorate of Corporate Support Services
DISC	Disciplined Services
DIT	Directorate of Industrial Training
DPM	Directorate of Personnel Management
DRA	Directorate of Remuneration Analysis
DRCPP	Directorate of Research, Compliance, Policy and Planning
DSA	Daily Subsistence Allowance
EACC	Ethics and Anti-Corruption Commission
EDRMS	Electronic Documents and Records Management System
ERP	Enterprise Resource Planning
ESAMI	Eastern and Southern Africa Management Institute
FKE	Federation of Kenya Employers
FY	Financial Year
GHRIS	Government Human Resources Information System
GIPE	Public Administration, Infrastructure, Governance and Energy
HELB	Higher Education Loans Board
HR	Human Resources
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IEBC	Independent Electoral and Boundaries Commission
ILO	International Labour Organization
IPPD	Integrated Payroll and Personnel Database
JE	Job Evaluation
KDF	Kenya Defence Forces
KICC	Kenyatta International Convention Centre
KICD	Kenya Institute of Curriculum Development
KMFRI	Kenya Marine and Fisheries Research Institute
KNBS	Kenya National Bureau of Statistics
IPSAS	International Public Sector Accounting Standards
MBA	Master of Business Administration
MBS	Moran of Burning Spear
MOU	Memorandum of Understanding
MPA	Master of Public Administration
NITA	National Industrial Training Authority

NMK	National Museums of Kenya
NWCPC	National Water Conservation and Pipeline Corporation
OAG	Office of the Auditor General
OCOB	Office of Controller of Budget
OP	Office of the President
PCK	Productivity Centre of Kenya
PFM	Public Finance Management
PSC	Public Service Commission
PWC	PriceWaterHouseCoopers
PURTI	Public Universities, Research and Tertiary Institutions
SASE	Social, Agriculture, Security, and Environment
SRC	Salaries and Remuneration Commission
TSC	Teachers Service Commission
TUK	Technical University of Kenya

## Table of Contents

ACRONYMS AND ABBREVIATIONS .....	ii
CHAIRPERSON'S STATEMENT .....	v
COMMISSIONERS .....	vi
STATEMENT FROM THE COMMISSION SECRETARY .....	x
MANAGEMENT .....	xi
I.    KEY COMMISSION INFORMATION AND MANAGEMENT .....	1
II.   CORPORATE GOVERNANCE STATEMENT .....	3
III.  MANAGEMENT DISCUSSION AND ANALYSIS .....	7
STRATEGIC DIRECTION .....	7
OPERATIONAL PERFORMANCE ANALYSIS .....	7
FINANCIAL PERFORMANCE ANALYSIS .....	10
REPORT OF THE COMMISSION .....	14
STATEMENT OF COMMISSION'S RESPONSIBILITIES .....	15
REPORT OF THE INDEPENDENT AUDITORS ON THE SALARIES AND REMUNERATION COMMISSION.....	16
I.    STATEMENT OF FINANCIAL PERFORMANCE .....	19
II.   STATEMENT OF FINANCIAL POSITION .....	20
III.  STATEMENT OF CHANGES IN NET ASSETS .....	21
IV.   STATEMENT OF CASH FLOWS .....	22
V.    STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS .....	23
VI.   NOTES TO THE FINANCIAL STATEMENTS .....	25
CHALLENGES .....	35
WAY FORWARD .....	35
ANNEX .....	36

# CHAIRPERSON'S STATEMENT

The financial year 2016/2017 will go down in the history of SRC as one of the most memorable. On 11<sup>th</sup> November 2016, the Commission released the Job Evaluation (JE) results for five sectors of Public Service covering Civil Service; County Government; Commercial State Corporations; Service and Regulatory State Corporations; Constitutional Commissions, Independent Offices and Teaching Service. The Commission endeavoured to complete the exercise within the stipulated time frame and set parameters knowing that the entire public service was watching with keen interest on the outcome.

It was inevitable that upon the release of the results, the Commission would continue to engage with the various stakeholders to iron out any issues arising from the JE results and ensure smooth implementation. Perhaps a striking example of the immediate benefit of the JE and what the results gave birth to was the successful conclusion of the Collective Bargaining Agreement (CBA) between the Teachers Service Commission (TSC) and Kenya National Union of Teachers (KNUT). It was, to put it in a nutshell, a breath of fresh air to a nation that is used to industrial unrests by public servants entrusted with providing essential services. We remain optimistic that, with time, CBA negotiations will be carried within the confines of amicable understanding and mutual benefit that will yield industrial harmony.

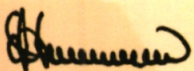
I am glad to report that the JE in the remaining two sectors i.e. the Disciplined Service, and Public Universities, Research, and Tertiary Institutions was successfully launched midway during the period under review and is almost complete. I must commend the SRC team, consultants and our stakeholders for the concerted effort to ensure the exercise was carried out diligently, professionally and within budget.

It was absolutely important for the Commission to prioritize and place all its resources on the JE exercise in order to find long lasting solution to the widespread inequalities and disparities in remuneration and benefits payable in the public sector. Inequity in pay has been the root cause of dissatisfaction, poor morale and performance, leading to frequent industrial unrest and poor service delivery in some sectors.

The Commission has revised its strategic plan with a view to entrenching the constitutional principles of ensuring that the total public compensation bill is fiscally sustainable; attracting and retaining requisite skills in public service; recognition of productivity and performance; and transparency and fairness. In reviewing the strategy the Commission has also taken into consideration the national development policies, changing economic and social environment so that it is in sync with the aspirations and hopes of all Kenyans.

I thank the National and County Governments, Constitutional Commissions and Independent Offices, Ministries, Departments and Agencies, and development partners, especially World Bank, for supporting the work of the Commission. I also wish to extend my sincere gratitude to SRC Commissioners and Secretariat staff who have sacrificed a lot to ensure that the Commission meets its obligations.

On behalf of the Commission, I wish to assure all the stakeholders of our support for successful implementation of remunerative issues in public service.



**Sarah J.C. Serem, EBS (Mrs)**  
**Chairperson**

## COMMISSIONERS



**Mrs. Sarah J. C. Serem, EBS**  
Chairperson

She holds a Master of Business Administration (MBA) in Human Resource Management and a Bachelor of Arts degree (Sociology & Political Science), both from the University of Nairobi. An experienced HR practitioner, Sarah, has over 30 years' experience in human resource management. Prior to her current appointment, Sarah worked at Kenya Post Office Savings Bank for over 20 years as Head of Human Resource. She also serves as a council member of University of Eastern Africa, Baraton and a Board member of Adventist Development and Relief Agency (ADRA), Somalia and International. ADRA is one of the leading non-governmental relief and development agencies in the world, operating in over 120 countries.

He holds an MBA from Eastern and Southern Africa Management Institute (ESAMI) and Maastricht School of Management, and a Bachelor of Education Degree from Kenyatta University. He has over 20 years of working experience in human resource management and development.



**Mr. Daniel O. Ogutu, MBS**  
Vice Chairperson



**Mrs. Serah Kinyua, HSC**

She holds a Master's Degree in Public Administration (MPA) from University of Connecticut-USA and Bachelor's Degree in Literature in English, Political Science and Philosophy from Makerere University. She served as a Chief Human Resource Manager at the Teacher Service Commission (TSC) between 1997 and 2002. She has also served at the Task Force Reviewing Labour Laws representing the teaching service.

He holds a Master's Degree from the University of Toronto, Canada. He is a long serving public figure who has served as a Cabinet Minister in the Ministries of Information and Broadcasting, 1980-1982; Environment and Natural Resources-1982; Labour, 1985-1986; Education, 1986-1991; Manpower Development-1991; and as an Assistant Minister for Education in 1979-1980.



**Hon. Peter O. Aringo, EGH**



**Mrs. Jacqueline Mugo, MBS**

She holds a Bachelor of Law Degree (LLB, Hons) from University of Nairobi. She is the Executive Director/Chief Executive of the Federation of Kenya Employers (FKE), and an advocate of the High Court of Kenya. Mrs. Mugo serves as Secretary General Business Africa, and is a member of the Governing Body of the International Labour Organization (ILO), the International Organization of Employers, Trustee National Social Security Fund, Higher Education Loans Board (HELB) and National Industrial Training Authority (NITA). She has over 30 years of experience in senior executive positions in the public and private sectors.



**Mr. Jason Namasake, MBS**

He holds a Bachelor of Law Degree (LLB, Hons) from the University of Dar-es-salaam, and a Master's Degree (LLM) from the University of London. He is an advocate of the High Court of Kenya and a lecturer at the Catholic University of Eastern Africa (CUEA). Previously, Mr. Namasake worked at FKE for 26 years, where he served in the Task Force Reviewing Labour Laws in 2000. He also served as a member of the Akiwumi Tribunal to review terms and conditions of service for Members of Parliament and staff of the National Assembly in 2009, and lectured at the University of Nairobi (1974–1980).

She holds a Master's Degree in Business Administration (Strategic Management) from ESAMI and Maastricht School of Management-Netherlands. She holds a Bachelor of Education Degree from Kenyatta University and is a Certified Public Secretary (CPS-K). She is the Director of Human Resources and Administration at Independent Electoral and Boundaries Commission (IEBC). Prior to the above appointments, she served as the Director of Human Resources and Administrative Services with the Nairobi Water Company. Mrs. Kiuluku also worked as the Chief Human Resources and Administration Manager with the National Water Conservation and Pipeline Corporation (NWCP). She has also served the National Museums of Kenya (NMK) as Principal Administrative Officer, and as a Personnel Officer with Agricultural Development Corporation (ADC).



**Mrs. Sellestine Kiuluku, MBS**



**Brig. (Rtd) Samuel N. Kirugi, MBS**

He holds a Master's Degree in Education and a Bachelor of Education Degree both from the University of Nairobi. He retired from the Kenya Defence Forces in January 2004 after 25 years of service, having gained wide experience in command, training, logistics and human resource administration for which he was awarded the Moran of Burning Spear (MBS) in 1994. Since retirement, he has worked with the Armed Forces Pay Review Board (AFPRB).

She holds a Master of Science Degree in Audit Management & Consultancy and a Post Graduate Diploma in Audit Management & Consultancy both from the University of Central England, Birmingham. She is a Certified Public Accountant, a Fellow of Institute of Certified Public Accountants of Kenya (ICPAK), a Certified Internal Auditor and has Certification in Risk Management Assurance. She is in the Program Oversight Committee on the Global Accountancy Development of the Global International Federation of Accountants. Mrs. Owuor retired from Kenya Power in 2015, having worked for 25 years in different managerial positions in Finance, Internal Audit and Commercial Services as well as being the Gender Coordinator. Previously, she worked in the Office of the President (OP), Public Service Commission (PSC), and served as a member of The International Public Sector Accounting Standards Board.



**Mrs. Anne Elizabeth Owuor, HSC**



**Mr. Isaiah Kubai, MBS**

He holds a Bachelor of Law Degree from the University of Nairobi, and a Diploma in Law from Kenya School of Law. He also holds a Diploma in Social Science (Industrial Relations) from Ruskin College (Oxford). He is a lawyer by profession, with a bias in industrial law, and has been a practicing advocate of the High Court of Kenya since 2008. Alongside his responsibilities as a Commissioner, Mr. Kubai has been a board member of Central Organization of Trade Unions (COTU) since 2003, a teacher of paralegal training for trade unions since 2005, a council member in the Directorate of Industrial Training (DIT) since 2001, and a member of several banks and other financial institutions.

He holds a Bachelor's Degree in Literature in English, Political Science, and Philosophy from University of Nairobi. He joined the Civil Service (Provincial Administration) in 1978 rising to the position of District Commissioner. He moved to the Central Government from 1991 as Senior Assistant Secretary and rose to the position of Senior Deputy Secretary. In his wide career of service, Mr. Muhoro served as Ag. Director of Kenya Marine and Fisheries Research Institute (KMFRI), Mombasa, from 1999 to 2000. He helped in setting up the Interim Independent Boundaries Commission from 2009 to 2010, as the Chief Executive Officer and also the National Police Service Commission from 2012 to 2013.



**Mr. James Muhoro, OGW**



**Dr. Kamau Thugge, EBS**

He holds a Doctor of Philosophy (PhD) in Economics and Master of Economics both from John Hopkins University; and a Bachelor of Arts (Economics) Degree from Colorado College, USA. Dr. Thugge is currently the Principal Secretary at The National Treasury. He has previously worked in the Ministry of Finance as Head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance, he worked with the International Monetary Fund (IMF) as Economist/Senior Economist and Deputy Division Chief.

He holds a Bachelor of Law Degree (LLB, Hons) from Poona University, Symbiosis College, and Bachelor of Arts (Economics & Political Science) Degree from Poona University, Nowrosjee Wadia College, India. Mr. Muturi is currently the Solicitor General, State Law Office. He is also a Partner at Muturi, Gakuo & Company. He has previously worked in the Office of Deputy Prime Minister as Director-Coordination, and as KANU's Executive Director.



**Mr. Njee Muturi**



She is the Commission Secretary and CEO, having been appointed in June 2015. She served as the Deputy Commission Secretary from May 2012 to March 2014, and was appointed as the Ag Commission Secretary in March 2014. Mrs Gitau has a Master's Degree in Business Administration from the University of Nairobi and a Bachelor of Education Degree from Egerton University. She is currently pursuing a PHD in Business Studies at the University of Nairobi, School of Business. Previously, Mrs Gitau worked at the Higher Education Loans Board (HELB), Industrial Development Bank, and Hawkins Associates.

**Mrs. Anne R. Gitau**

## STATEMENT FROM THE COMMISSION SECRETARY

The 2016/2017 financial year was busy for the Commission, with a number of key activities. One major assignment was the Job Evaluation for Public Service encompassing Civil Service; County Government; Commercial State Corporations; Service and Regulatory State Corporations; Constitutional Commissions, Independent Offices and Teaching Service; Disciplined Services; and Public Universities, Research and Tertiary Education Institutions.

This was an ambitious project that required proper planning, utilization of resources and continuous engagement with the stakeholders. Thankfully, during the year, the Commission was able to complete and finalize job grading structure for five sectors (Civil Service; County Government; Commercial State Corporations; Service and Regulatory State Corporations; Constitutional Commissions, Independent Offices and Teaching Service). Additionally, the salary structures for Civil Service; Commercial and Strategic State Corporations; Service and Regulatory State Corporations; and Constitutional Commissions, Independent Offices and Teaching Service were released. Job evaluation for the two pending sectors (Disciplined Services; and Public Universities, Research and Tertiary Institutions) commenced and is expected to be finalized in the following year.

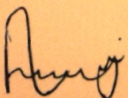
A number of key activities that underpin the SRC strategy and key thematic areas were also achieved. In line with the Commission's mandate to set and review remuneration and benefits for State Officers and the four year salary review cycle, the Commission carried out a comparative survey on remuneration and benefits for State Officers in comparable economies in the World. The study informed the review of salary and benefits structure for State Officers for the period 2017-2022.

Two (2) major undertakings during this period include: the Public Wage Bill Forecasting and Productivity Indices Development Projects. With technical support of World Bank, the Commission facilitated capacity building of 20 technical staff drawn from SRC, Teachers Service Commission (TSC), National Treasury, Nairobi County Public Service Board, and Public Service Commission (PSC) on wage bill forecasting model. As a result, a draft pay policy manual and pay data collection template was developed, and a draft wage bill forecasting model piloted with data from TSC, PSC and County Governments.

Good progress was also achieved on the productivity indices development. A technical inter-agency committee formed by the Commission is in place and is currently working with Productivity Centre of Kenya (PCK) to develop productivity indices for 3 pilot sectors targeting Education, Health and Governance.

During the year, the Commission carried out compliance checks in 18 County Governments to assess compliance with SRC's circulars and advisories. The Commission also signed a memorandum of understanding with oversight institutions, that is: Office of Controller of Budget (OCOB), Commission on Revenue Allocation (CRA) and Office of the Auditor General (OAG), on implementation and enforcement of SRC advisories and guidelines.

Finally, the Commission continues to adhere strictly to disciplined approach to financial management earning exemplary ratings from all four major rating agencies. There was overall improvement in absorption rate on the overall budget compared to the previous Financial Year. However, there was a decline in exchequer support from the National Treasury, hence affecting implementation of the work plan. The Commission targets 100 percent absorption rate in the coming FY 2017/18 as the ongoing JE exercise is expected to be completed in the first half of the year, and this will bring more predictability in the Commission's planning and execution of its work plan.



**Anne R. Gitau (Mrs)**  
**Commission Secretary/CEO**



**Mrs Anne R. Gitau**

She is the Commission Secretary and CEO, having been appointed in June 2015. She served as the Deputy Commission Secretary from May 2012 to March 2014, and was appointed as the Ag Commission Secretary in March 2014. Mrs Gitau has a Master's Degree in Business Administration from the University of Nairobi and a Bachelor of Education Degree from Egerton University. She is currently pursuing a PHD in Business Studies at the University of Nairobi, School of Business. Previously, Mrs Gitau worked at the Higher Education Loans Board (HELB), Industrial Development Bank, and Hawkins Associates.

John K. Monyoncho is currently pursuing a PhD degree at the University of Nairobi in Global Business Management. He holds an MBA in Finance and Bachelor's Degree in Economics from the University of Nairobi, and a Bachelor of Science Degree in Statistics from Poona University (India). Mr. Monyoncho has over 20 years of experience in senior management in both public and private sector having worked with Kenya National Bureau of Statistics (KNBS) where he rose to the position of Principal Economist/Statistician before moving to the Permanent Secretary's Office, as a Technical Assistant. He has also worked as a Technical manager STATCAP with the Kenya Integrated Household Budget Survey project, a World Bank project housed at the KNBS, for seven years before joining the Commission in 2013.



**Mr John K. Monyoncho**  
**Director, Research Compliance**  
**Policy and Planning**



**Ms Grace Ogembo**  
**Director, Remuneration Analysis**

She holds a Master of Arts Degree in Economic Policy Management from Makerere University and a Bachelor of Arts Degree from University of Nairobi.

Previously, Ms Ogembo worked as Deputy Chief Economist at the Permanent Public Service Remuneration Review Board (PSRRB), Ministry of State for Public Service; and as Principal Economist at the Macro Economic Planning Department at the Ministry of Planning and National Development.

She holds a Master of Arts Degree in Business Administration and Bachelor of Commerce (Accounting) Degree both from Kenyatta University. She is a Certified Public Accountant (K), Credit Management Professional and a qualified Human Resource and Administration practitioner.

Ms Njoka has over 15 years of experience in finance and human resource and has been in senior management in both public and private sectors. Previously, she has worked at Tourism Fund in Finance and Human Resource Management, Brookside Dairy Ltd and Nairobi Women's hospital.



**Ms Margaret N. Njoka**  
**Director, Corporate**  
**Support Services**

## **I. KEY COMMISSION INFORMATION AND MANAGEMENT**

### **(a) Background Information**

Salaries and Remuneration Commission (SRC) is established under Article 230 of the Constitution of Kenya to:

- (i) Set and regularly review the remuneration and benefits of all State Officers; and
- (ii) Advise the National and County Governments on the remuneration and benefits of all other Public Officers.

### **(b) Powers of the Commission**

Section 13 (1, 2) of the SRC Act, 2011 provides that the Commission shall have all powers generally necessary for the execution of its functions under the Constitution and the Act, and without prejudice to the generality of the foregoing, the Commission shall have powers to:

- (i) Gather by any means appropriate any information it considers relevant, including requisition of reports, records, documents or any information from any source, including governmental authorities;
- (ii) Interview any individual, group or members of organizations or institutions and, at the Commission's discretion, conduct such interviews;
- (iii) Hold inquiries for the purposes of performing its functions under the Act; and
- (iv) Take any measures it considers necessary to ensure that in the harmonization of salaries and remuneration, equity and fairness is achieved in the public sector.

In the performance of its functions, the Commission:

- (i) May inform itself in such manner as it thinks fit;
- (ii) May receive written or oral statements from any person, governmental or non-governmental agency; and
- (iii) Shall not be bound by the strict rules of evidence.

### **(c) Guiding Principles for Remuneration Determination**

In performing its functions, the Commission under Article 230 (5) provides that the Commission shall take the following principles into account:

- (i) The need to ensure that the total public compensation bill is fiscally sustainable;

- (ii) The need to ensure that the public services are able to attract and retain the skills required to execute their functions;
- (iii) The need to recognize productivity and performance; and
- (iv) Transparency and fairness.

In addition to the four principles, Section 12 (1) of the Act stipulates that the Commission shall be guided by the principle of equal remuneration to persons for work of equal value.

### **(d) Governance Structure**

The Commission is headed by a Chairperson and 13 Members of the Commission appointed in accordance with the provisions of Article 230 of the Constitution and SRC Act, 2011. The Commissioners are responsible for: (a) Overseeing implementation of the provisions of the SRC mandate as spelt out in the Constitution and the SRC Act 2011; (b) Provision of policy direction for the implementation of the SRC mandate as spelt out in the Constitution and SRC Act, 2011; and (c) Ensuring effective functioning of the Commission through provision of resources required, among others.

The operational arm of the Secretariat is headed by the Commission Secretary who is the Chief Executive Officer. The Commission Secretary is responsible for:

- (i) The implementation of the functions of the Commission; the formation and development of an efficient administration; and (ii) The organization, control and management of staff. The structure of the Secretariat has three Directorates: (i) Directorate of Remuneration Analysis (DRA); (ii) Directorate of Research, Compliance, Policy and Planning (DRCPP); and (iii) Directorate of Corporate Support Services (DCSS). Directorates have departments and divisions aligned to specific directorates' functions as defined in the Commission's strategic plan. The Commission also has three independent departments: Legal Affairs; and Corporate Communications that are directly responsible to the Commission Secretary, and the Internal Audit and Risk Management Department, which functionally reports to the Audit and Risk Committee of the Commission but administratively to the Commission Secretary.

### **(e) Key Management**

The routine management of the Commission is carried out by the Commission Secretariat headed by the Commission's Secretary/ Chief Executive Officer -

(CEO), and the Directors.

**(f) Fiduciary Management**

During the fiscal year, the following members of the management team were charged with direct fiduciary responsibility:

- (i) Mrs Anne R. Gitau - Commission Secretary
- (ii) Ms Margaret N. Njoka - Director, Corporate Support Services
- (iii) Ms Grace Ogembo - Director, Remuneration Analysis
- (iv) Mr John K. Monyoncho - Director, Research Compliance Policy and Planning

**(g) Fiduciary Oversight Arrangements**

- (i) Technical Social, Agriculture, Security and Environment Sectors (SASE) Committee of the Commission
- (ii) Technical Public Administration, Infrastructure, Governance and Energy Sectors (GIPE) Committee of the Commission
- (iii) Corporate Services Committee of the Commission
- (iv) Audit, Risk, and Compliance Committee of the Commission

**(h) Commission Headquarters**

Williamson House, 4<sup>th</sup> Ngong Avenue, 6<sup>th</sup> floor  
P.O. Box 43126-00100,  
Nairobi, Kenya  
Tel: +254 2710065/71/81  
E-mail: info@src.go.ke  
Website: www.src.go.ke

**(i) Principal Bankers**

Central Bank of Kenya, Haile Selassie Avenue  
P.O. Box 60000, City Square 00200  
Nairobi, Kenya

**(j) Independent Auditors**

Auditor General,  
Kenya National Audit Office, Anniversary Towers, University Way  
P.O. Box 30084, GPO 00100  
Nairobi, Kenya

**(k) Principal Legal Adviser**

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

## II. CORPORATE GOVERNANCE STATEMENT

The objects of the Salaries and Remuneration Commission, other Commissions and the Independent Offices are stipulated under Article 249 of the Constitution of Kenya. In fulfilment of the objects, the Commissioners assume the ultimate responsibility in ensuring that the Commission is accountable to the public and complies with the highest standards of corporate governance.

The Commission believes in embracing Corporate Governance through creation of the right corporate culture and values. The Commission exercises due care in ensuring that the management of the Commission's affairs is carried out in the best interest of the government and the public. The Commissioners and the management possess a range of requisite skills, qualifications and experience to manage the Commission and work in compliance with the provision of Chapter Six of the Constitution of Kenya.

### Responsibilities

In recognition of their ultimate responsibility on the Commission affairs, the commissioners' focal point to guide their decisions and actions is based on a foundation of good governance, and on the Commission's core values which are integrity, objectivity, accountability and transparency and teamwork.

The roles and responsibilities of the Commissioners include but not limited to the following:

- (i) Formulation and approval of the Commission's vision, mission, core values, strategy and work plans;
- (ii) Approval of annual budget and the final financial statements; and
- (iii) Approval of operational policies and manuals.

### Role of the Chairperson

The Commission is chaired by the Chairperson who is appointed by the President of the Republic of Kenya in accordance with provisions of Article 230 (2) of the Constitution and Section 4 of the Salaries and Remuneration Act, 2011.

The Chairperson is responsible for the overall Commission leadership and its effectiveness; ensures that key tasks of the Commission are properly understood by the Commissioners and the Secretariat; and assumes overall responsibility for all the

Commission decisions, severally with other Commissioners.

### Role of the Commission Secretary

The Commission Secretary is appointed by the Commission in accordance with Section 16 of the Salaries and Remuneration Act, 2011. The Commission Secretary doubles as the Secretary to the Commission and the head of the Commission Secretariat. The Commission Secretary is responsible for the overall leadership and day-to-day management of the Commission's operations; efficient and effective management of the secretariat; performance management, operational controls, ethical conduct, and good corporate governance.

### Commission Structure and Composition

The Commission is composed of the Chairperson, ten (10) members, who are all appointed by the President of the Republic of Kenya, and three (3) ex-officio members who are representatives of the Government ministries.

Functions of the Commission are carried out under a defined structure made up of the Full Commission, defined, and/or ad hoc Committees which facilitate the discharge of the Commission's mandate. The Committees assist the Commission in its responsibilities and obligations in ensuring that there are independent oversights of internal controls and risk management.

### Commissioners' Remuneration

The Commission and its Committees meet regularly in accordance with annual schedules. All members of the Commission are paid a sitting allowance for the meetings they attend up to a maximum of eight (8) meetings per month. During the financial year, members were also paid task force allowance for meetings attended on Job Evaluation for the Public Service. The exercise is expected to be completed in the 2017/18 Financial Year. The Chairperson of the Commission and the members, with exception of three (3) ex-officio members representing Government institutions, are also paid a monthly retainer through the consolidated fund by The National Treasury. The retainer and allowances, paid out of the consolidated fund, are not recognized in these financial statements.

## **Commission Meetings and Commission Committees**

The Commission has a structured system of operation made up of committees to assist it in discharging its mandate, responsibilities and obligations. The Commission delegates specific functions to selected Committees with defined formal terms of reference, without abdicating its ultimate responsibility. The terms of reference clearly identify matters reserved for the Full Commission and the Committees. The Committees make recommendations to the Full Commission for consideration and adoption/resolution. During the year, the full Commission held 34 meetings.

The Chairmanship and Membership of the Commission Committees is regularly reviewed by the Commission, responsible for filling any vacancies. The Commission is cognizant that members collectively have sufficient qualifications and experience to fulfil the duties of respective Committees. The elected Chairpersons appraise the Full Commission meetings of their activities on a regular basis through oral and/or written reports. The agenda for Commission meetings are set in consultation with Chairpersons of the Committees. During the year, the Commission had five (5) Standing Committees and nine (9) JE Taskforce Committees. The standing committees were:

### **A. Audit, Risk, and Compliance Committee**

The Audit, Risk and Compliance Committee was chaired by Commissioner Isaiah Kubai. Other members were: Mrs Serah Kinyua, Dr Kamau Thugge, Mr James Muhoro, Mrs Anne Owuor, Mr Jason Namasake, Brig. (Rtd) Samuel Kirugi and Mr Njee Muturi. The mandate of the Committee is to examine internal and external audit reports, review the Commission's financial statements, risks and internal controls and compliance. The Committee held 11 meetings.

### **B. Corporate Services Committee**

The Corporate Committee was chaired by Commissioner Oloo Aringo. Other members were: Mr Daniel Ogutu, Mrs Sellestine Kiuluku, Mrs Jacqueline Mugo, Mr John Gechaga, Mr Njee Muturi and Mrs Serah Kinyua.

The mandate of this Committee includes but not limited to, providing oversight and governance on issues pertaining to administration, human resource

management and financial services. The Committee held 19 meetings.

### **C. Public Administration, Infrastructure, Governance and Energy Sectors (GIPE) Technical Services Committee**

The GIPE Committee was chaired by Commissioner Daniel Ogutu. The other members were: Mrs Sellestine Kiuluku, Mr Isaiah Kubai, Mrs Jacqueline Mugo, Mr James Muhoro, Mr Njee Muturi and Mr John Gechaga. The committee is in charge of reviewing remuneration submissions from institutions within the Public Administration, Infrastructure, Governance and Energy Sectors. The Committee held 19 meetings.

### **D. Social, Agriculture, Security, and Environment (SASE) Technical Services Committee**

The SASE Committee was chaired by Commissioner Anne Owuor. The other members were: Brig. (Rtd) Samuel Kirugi, Dr Kamau Thugge, Mrs Serah Kinyua, Hon. Oloo Aringo, and Mr Jason Namasake. The committee reviews remuneration submissions from institutions within Social, Agriculture, Security and Environment Sectors. The Committee held 15 meetings.

### **E. Legal Committee**

The Committee was chaired by Commissioner Jason Namasake. The other members are Mr Njee Muturi, Mrs Jacqueline Mugo, Mrs Anne Owuor, and Mr Isaiah Kubai. The mandate of the committee is to deliberate on legal issues touching on the Commission's mandate and report to the Full Commission. The Committee held 11 meetings during the year.

### **Job Evaluation (JE) Task Force Committees**

The job evaluation task force committees were constituted during the year 2014/15 to oversee the job evaluation exercise. They were established in recognition of the fact that the exercise was not only complex and enormous, but it also entailed activities that were over and above the normal Commission activities of remuneration review. The exercise was envisaged to end in the financial year 2017-2018, following which the committees will automatically be terminated.

### **Statement of Compliance and Conflict of Interest**

Conscious of its responsibilities to members, service providers, suppliers, creditors, employees and society,

the Commissioners issued a statement confirming that they had complied with the law, conducted their affairs in accordance with the best principles and practices of corporate governance, and that to the best of their knowledge and management, no person, employee or agent acting on behalf of the Commission with the knowledge of authority of the Commission or management, committed any offence under the Prevention of Corruption Act or indulged in any unethical behaviour in the conduct of the Commission's business, or had been involved in money laundering, or any practice or activity contrary to national laws or international conventions.

### **Code of Conduct**

Each Commissioner derives his or her authority and position from a legitimate nomination procedure. However, on becoming a member, each Commissioner becomes bound by the overriding fiduciary duty to act in good faith in pursuit of the best interests of the Commission members as a whole. In the discharge of their duties, Commissioners operate within the framework of a collective Commission. In order to enable the Commissioners to operate effectively and in the best interest of the Commission, all Commissioners observe rules and regulations governing the conduct of Commissioners as contained in the Commission's manual.

### **Risk Management**

The Commissioners are committed to a process of Enterprise Risk Management that guides in the identification of strategic and operational risks through a structured, systematic, proactive and integrated process. This is done through a risk management framework which enables management to focus, in a comprehensive and holistic manner, on all risks faced by the Commission. A risk management policy established by the Commission is one of the important steps in ensuring that management identifies and manages all risks and Commissioners provide oversight as well as policy direction in managing risks.

### **Risk Management Structure and Roles**

Risk management on an enterprise wide basis requires an integrated approach between the various risk-related specialists, department and staff. The risk management structure of the Commission is comprised of the Audit Committee, the management

team and a risk committee at the Secretariat level composed of representatives from each department.

### **Role of the Audit Committee**

The Commission has established committees among them the audit committee whose mandate is to implement and monitor implemented risk management framework established by the Commission. The Committee also ensures that risk management system implemented by management meets the requirements set out in the policy.

### **Role of Internal Audit and Risk**

In addition to the implementation of risk management framework, the Commission has an independent internal audit and risk department whose function is to provide independent assurance to the Commission and management through structured audits, reviews, testing and other techniques; carrying out risk based audits; reporting on effectiveness and efficiency of risk management process; as well as reporting on Commission's compliance with the risk policy. Continuous risk assurance audits were conducted during the year to review the Commission's risk status. A review of the strategic and operational risk registers was undertaken.

### **Role of Management Team**

The Management team's role in risk management is that of implementing the risk framework established by the Commission. In addition, the management receives and approves quarterly reports on operational risk management issues, and reports any strategic risks identified to the Audit Committee and the Commission. The management team also approves risk mitigating actions to be taken by the secretariat risk committee, contributes to the development of the Risk Management system and arranges internal audits on the risk management process at appropriate intervals on behalf of the Commission.

### **Risk Categories**

The Commission has identified and categorized risks as follows:

- (i) Strategic risks: They arise from the Commission's strategic plan;
- (ii) Financial risks: They are associated with financial aspect of the Commission;

- (iii) Operational risks: These are associated with the operations of the Commission; and
- (iv) Legal and regulatory risks: These can arise from non-compliance with the legal and regulatory requirements.

**Risk Training and Awareness**

The Commission's commitment to risk management has also been evidenced by the awareness and continuous training given to the members of the Commission, management and the staff of the Commission throughout the year.

### III. MANAGEMENT DISCUSSION AND ANALYSIS

#### 1. Strategic Direction

The first strategic plan (2013/2014 - 2017/2018) for SRC was published in August 2013. It is the primary planning tool that provides a framework within which the Commission has developed its strategies, objectives, activities and expected outputs/outcomes. The strategic plan articulates the vision, mission and core values of the Commission. The strategies and outputs/outcomes that the Commission hopes to achieve are anchored on the thematic areas of policy and legal framework; remuneration and benefits management; compliance; institutional capacity; corporate image and stakeholder engagement.

#### 2. Operational Performance Analysis

The activities that were implemented by the Commission cut across five (5) thematic areas. The strategic themes are the key performance areas which the Commission prioritizes to excel at in order to achieve its mandate and deliver value to customers. The Commission themes are:

- (i) Policy and legal framework;
- (ii) Remuneration and benefits;
- (iii) Compliance;
- (iv) Corporate image and stakeholders' engagement; and
- (v) Institutional capacity.

#### *Accomplishments during the Year*

##### (i) Job evaluation for public service

During the period, the Commission planned to finalize the JE exercise. This included development and communication of grading and remuneration structure for the public service. In addition, the Commission was to complete the salary survey for two outstanding sectors; Public Universities, Research and Tertiary Institutions (PURTI) and Disciplined Services (DISC), and ensure harmonization of the results for all the seven (7) sectors.



*Head of Public Service, Dr Joseph Kinyua (centre), with SRC Chairperson, Mrs Sarah Serem (left), and Principal Secretary, Public Service and Youth, Mrs. Lillian Mbogo Omollo, during the release of job evaluation for Public Service*

Thus, the Commission undertook JE for the entire public service excluding National Intelligence Service (NIS), Parliamentary Service Commission (PSC), and Judicial Service Commission (JSC). Job evaluation clinics were held for all institutions, during which the Commission organized validation workshops for JE results and one-on-one engagements with the various institutions on their grading results. Feedback from the institutions were processed and final grading structures for various institutions communicated.



*PWC Consultants presenting JE grading results to a team from Technical University of Kenya (TUK) during a job evaluation clinic*

A salary survey was also undertaken for DISC and PURTI sectors. Harmonization of JE results and subsequent salary structures for the entire public service is still ongoing.



*Commission Chairperson, Mrs Sarah Serem (3<sup>rd</sup> left) and Commissioner Sellestine Kiuluku (2<sup>nd</sup> right) with Kenya Defence Forces officers at Afmadhow Somali, as part of job evaluation exercise for Disciplined Services sector*

By the end of the financial year, the Commission released the job grading and salary structures for State Corporations. Ninety eight (98) Service and Regulatory State Corporations, and 49 Commercial and State Corporations were evaluated. The total number of jobs evaluated in Service and Regulatory State Corporations was 9,843; while those in Commercial State Corporations were 6,270.



*Vice Chairperson, Mr Daniel Ogotu (standing); the Commission Secretary, Mrs Anne Gitau (right); and Director, Research, Compliance, Policy and Planning during the release of State Corporations job grading and salary structures*

Based on the JE job grading structure, the Commission developed a salary structure aligned to each grade for each service and regulatory state corporations, and commercial state corporations. The implementation of the salary structure is based, amongst others, on:

- The alignment of the model salary to the grading structure; and

- (b) Individual institutions assessment of the financial implication of implementing the model salary structure, and demonstration of the ability to pay within the structure by making a proposal to the Commission for advice.

**(ii) Advisories and Circulars**

The Commission continued to advise and review remuneration and benefits for the public service, and issued 136 advisories and circulars. All advisories and circulars (see annex) were continuously uploaded on the SRC website ([www.src.go.ke](http://www.src.go.ke)) for the purpose of easing access to the circulars by the public.

**(iii) Research and Development**

The Commission continued to undertake research on emerging issues on remuneration and benefits for the public service. During the year, the Commission undertook research on the following areas:

**(a) Review of remuneration and benefit structure for State Officers**

The Commission undertook a comparative survey on remuneration and benefits for State Officers in comparable economies in the World. The findings informed the review of salary and benefits structure for State Officers, which will come into effect in 2017/2018 FY after gazettelement.

**(b) Daily Subsistence Allowance (DSA)**

The Commission undertook a study on review of DSA after receiving feedback from stakeholders on the issue. Whereas SRC reviewed the DSA rates in 2014 for purposes of standardization and regulation of the application of the allowance in the Public Service, disparities still exist across the public service. The general objective of this study was to evaluate the optimal DSA rate for public officers while on local travel for official duty. The findings will inform future policy directions by the Commission on DSA.

**(c) Wage bill for State Officers, 2013-2017**

The Commission undertook research on the annual wage bill for State Officers for the period 2013-2017. The research utilized annual wage bill data for State Officers obtained from relevant circulars, Gazette Notices and reports by SRC. The findings of the study revealed that the total wage bill for State Officers for the period March 2013 to March 2017 was Kshs 95.5 billion. The County government constituted the larger proportion (Kshs 54

billion) of the total wage bill, followed by the Legislature (Kshs 28 billion), Judiciary (Kshs 7.6 billion), Executive (Kshs 3.5 billion) and Constitutional Commissions and Independent Offices (Kshs 2.4 billion).

*(d) Wage bill forecasting model*

The process of developing a wage bill forecasting model for the Commission began in FY2015/16 with the aim of having an objective way of projecting wage Bill for the Public Sector. The World Bank provided the technical support for the project. During the year, 20 technical staff from SRC, Teachers Service Commission (TSC), The National Treasury, Nairobi County Public Service Board, and Public Service Commission were trained on wage bill forecasting model at the World Bank.

A draft 'Pay Policy Manual and Pay Data Collection Template' was developed and a draft 'Wage Bill Forecasting Model' was piloted with payroll data from teaching service, civil service and county government employees.

To strengthen wage bill forecasting, in liaison with the other actors, the Commission and the National Treasury has secured funding from the World Bank for upgrading Government Human Resources Information System (GHRIS) infrastructure and development of a data mining system to enable the Commission access HR data for the entire Public Service.

*(e) Productivity reports/indices*

The Commission established a technical inter-agency committee and liaised with Productivity Centre of Kenya (PCK) to develop productivity indices on pilot basis for three (3) sectors targeting Education, Health and Governance. In this regard, 2 consultative workshops were held with relevant stakeholders on the whole concept of productivity measurement in the public sector. A template for data collection was developed for piloting.

**(iv) Compliance Checks and Compliance Register**

The Commission has been carrying out continuous compliance checks to determine compliance levels of public service institutions and identify challenges these institutions face when implementing SRC advisories.

To strengthen compliance monitoring and ensure institutions adhere to its advisories, a Memorandum of Understanding (MoU) was signed between SRC and the

Public Finance Management (PFM) institutions (Office of the Auditor General-OAG, Office of the Controller of Budget-OCOB, The National Treasury and Ethics and Anti-Corruption Commission -EACC). A Joint Technical Committee to implement the MOU was put in place to ensure adherence to the principles of public finance by public entities; ensure that Government guidelines, decisions and advice are adhered to; support and build synergy between institutions in undertaking their respective mandates; hold joint meeting from time to time to share information/data related to public finance management; and undertake joint field missions to review expenditures that are of interest to the institutions.

During the year under review, the Commission carried out compliance checks in 18 County Governments and compiled 18 county specific compliance reports. The reports were shared with respective counties together with other institutions like OAG, OCOB, The National Treasury and EACC, which SRC has been collaborating with in matters of compliance. The Compliance risk matrix was also updated with information from compliance check visits and information shared by the OCOB.

To enhance adherence and satisfy SRC regulator compliance requirements in an equitable, transparent and consistent way, a Compliance Register which is a summary of all SRC advisories has been developed by the Commission for ease of reference. The register documents all approved salaries, remuneration and other benefits of State and Public Officers.



*Mr Duncan Otieno (1<sup>st</sup> right) and Mr Cleopus Wang'om (2<sup>nd</sup> right) during a compliance check at Nyandarua County*

**(v) Training and Development**

The Commission undertook capacity building

Commissioners and Secretariat. Five (5) Commissioners were trained on 'Audit and Effective Human Resource Management'. Forty four (44) members of staff from the Secretariat were trained out of which 32 were trained on minute writing at Kenya School of Government, and 7 benefited from Continuous Professional Development workshops.

*(vi) Performance Management*

The commission revised its FY 2013/14-FY2017/18 strategic plan and extended it by one year to enable adequate alignment with the Government's Medium Term Plan. The strategic plan is under implementation and it was from the same that the Commission prepared an annual work plan for the year which was cascaded to all units for consistency in decision making and strategy direction.

The Commission also carried out a periodic assessment of its performance through quarterly and annual reviews. Overall, annual progress achievement was 84 percent, compared to previous year's achievement of 80 percent. In addition, the commission carried out performance appraisals for all staff to ensure continuous improvement and development.



*Chairperson SRC (3<sup>rd</sup> right) and Commissioners Hon. Oloo Aringo and Mrs Sellestine Kiuluku (1<sup>st</sup> and 2<sup>nd</sup> left) while meeting South Sudan's team of the Public Service during a benchmarking study at SRC*

### 3. Financial Performance Analysis

#### (a) Revenue

In the FY 2016-17, the Commission had a total revised budget of **Kshs 556.3 million** made up of **Kshs 532.9 million** as per the printed estimates and an additional **Kshs 23.4 million** in supplementary II estimates, representing a **4.4 percent** increase over the original budget. In the FY 2015-16, the Commission had a budget of **Kshs 970.3 million**. This represent a budget decline of **43 percent** in the year under review.

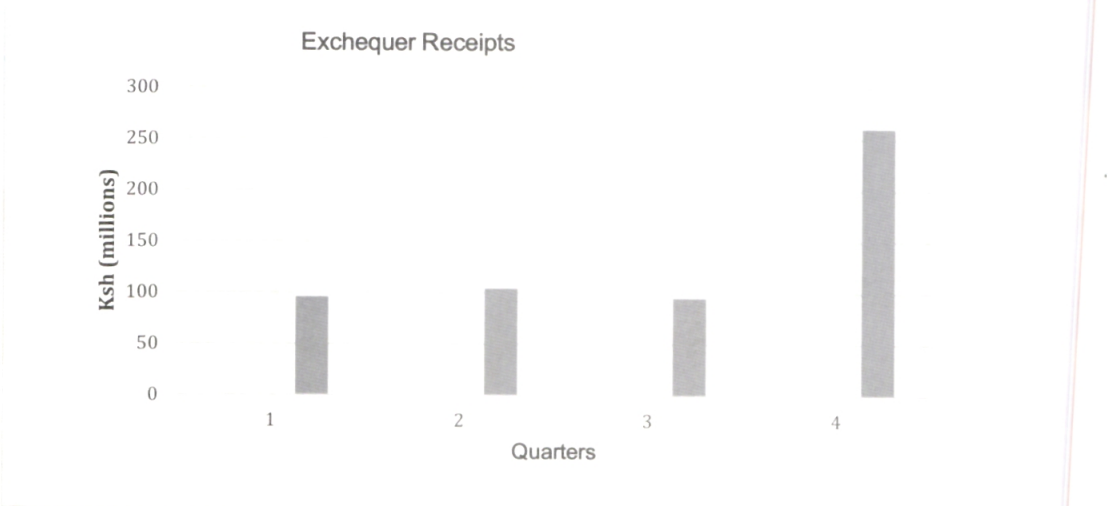
The Commission received total exchequer receipts amounting to **Kshs 555.6 million** representing **99.8 percent** of the total annual revised estimates (**Kshs 556.3 million**). This translated to 42.7 percent decline in exchequer receipts compared to **Kshs 970 million** received in 2015/16.

The Commission is solely financed by exchequer releases from the National Treasury. The amounts were released to the Commission on a quarterly basis, with the highest being **Kshs 260.6 million** (50%) released in the last quarter, as shown in the Table 1.

**Table 1: Revenue Estimates from the National Treasury**

Quarters	1	2	3	4	Total
<b>Kshs (million)</b>	95.7	104.3	95.0	260.6	<b>555.6</b>

*Figure 1: Receipts of Revenue Estimates from the National Treasury*



**(b) Expenditure**

The Commission incurred **Kshs 566.8 million** in total expenditure and provisions for the year under review compared to **Kshs 771 million** for the previous year. Of the **Kshs 566.8 million**, **Kshs 263.4 million** was spent on compensation to employees, **Kshs 274.2 million** on use of goods and services and **Kshs 29 million** on depreciation of assets.

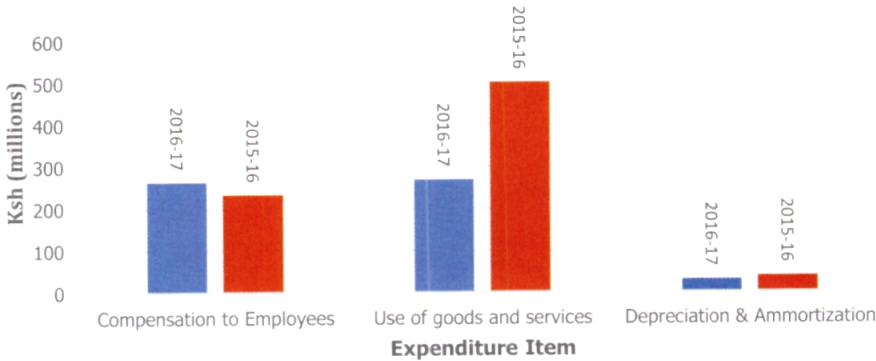
The Commission's expenditure of **Kshs 566.8 million** against the revenue of **Kshs 555.6 million** as at 30<sup>th</sup> June 2017 reflected a net loss of **Kshs 11.0 million** compared to a surplus of **Kshs 198.9 million** in the year ended Jun 30, 2016.

Table 2 represents the comparative expenditure levels for the two financial years.

**Table 2: Comparative Expenditure Items for 2016-17 and 2015-16**

Expenditure Item	2016-2017	2015-2016
	Kshs Million	Kshs Million
Compensation to Employees	263.4	233.2
Use of goods and services	274.2	500.6
Depreciation & Amortization	29.2	37.3
<b>Total</b>	<b>566.8</b>	<b>771.1</b>

**Figure 2: Comparative Expenditure for 2015/16 and 2016/17**



The major drop in the use of goods and services from the previous year was as a result of high expenditure on consultancy services for JE. In FY 2015-2016, the Commission undertook job evaluation for five of the seven sectors compared to two sectors in the year under review.

**(c) Budget Performance**

Budget performance for the FY 2016/17 was **95.3 percent**, indicating an improvement, compared to the previous FY 2015-16 which was **77.9 percent**.

**Table 3: Overall Budget Performance for the FY 2016/17 in Comparison to FY 2015/16 (Kshs Millions)**

	FY2015- 2016			FY 2016-2017			% Growth
	Budget	Expenditure	Absorption (%)	Budget	Expenditure	Absorption (%)	
Compensation to Employees	215.8	215.0	99.6	263.3	261.69	99.9	0.3
Use of Goods and Services	754.5	540.9	71.7	293.1	268.9	91.74	(20)
<b>Gross</b>	<b>970.3</b>	<b>755.9</b>	<b>77.9</b>	<b>556.4</b>	<b>530.5</b>	<b>95.3</b>	<b>(18)</b>

**(d) Comparison of Material Variance**

During the financial year, the following expenditure items had material change in comparison to the previous year:

- i. **General Expenses:** The general expenses were **Kshs 121, 730,840** for the year under review versus **Kshs 180,389,908** for the FY 2015-16, a reduction of **Kshs 58,659,067**.

Major variances were observed in the following components of the general expenses:

Expense Item	2016-17 Kshs	2015-16 Kshs	Explanations
Domestic Travel & Subsistence	20,007,673	46,585,255	The Commission undertook JE of two sectors in the FY 2016-2017 compared to five sectors in the FY 2015-2016, hence a drop in travel costs
Rent and Rates	31,324,350	42,075,178	The reduction was as a result of closure of the Commission additional offices which had been rented to accommodate consultants during JE in the FY 2015-2016
Board Committees, Conferences & Seminars	33,752,855	53,609,451	The reduced was as a result of a drop in JE activities requiring conference and seminars in the year under review

**ii. Contracted services:** The contracted services were **Kshs 87,325,015** for the FY 2016-17 versus **Kshs 260,435,207** for the FY 2015-2016, a change of **Kshs 173, 110,192**.

Major variances were observed in the following components of the contracted services:

Expense Item	2016-17 Kshs	2015-16 Kshs	Explanation
Contracted Professional Services	77,212,809	245,214,705	The Commission undertook JE of two sectors in the FY 2016-2017 compared to five sectors in the FY 2015-2016, hence a drop in the consultancy fees.
Legal Dues/Fees, Arbitration	6,973,443	12,126,423	The Commission incurred increased legal fee in the FY 2015-16 compared to 2016-17 as a result of the five sectors of JE in the prior year compared to the year under review.

## REPORT OF THE COMMISSION

Members of the Commission submit their annual report together with the audited financial statements for the year ended June 30, 2017, which show the state of affairs of the Commission.

### Principal Activities

The principal activities of the Commission as outlined in the SRC Act, 2011 include:

- (i) Inquire into and advise on the salaries and remuneration to be paid out of public funds;
- (ii) Keep under review all matters relating to the salaries and remuneration of Public Officers;
- (iii) Advise the national and county governments on the harmonization, equity and fairness of remuneration for the attraction and retention of requisite skills in the public sector;
- (iv) Conduct comparative surveys on the labour markets and trends in remuneration to determine the monetary worth of the jobs of Public Officers;
- (v) Determine the cycle of salaries and remuneration review upon which Parliament may allocate adequate funds for implementation;
- (vi) Make recommendations on matters relating to the salary and remuneration of a particular State or Public Officer;
- (vii) Make recommendations on the review of pensions payable to holders of Public Offices; and
- (viii) Perform such other functions as may be provided by the Constitution or any other written law.

The Commission, under Section 12 of the SRC Act, is further compelled to comply with the principle of equal remuneration to persons for work of equal value.

### Results

The results of the Commission financial performance for the year ended June 30, 2017 are set out on pages 19 to 34.

### Commissioners

The members of the Commission who served during the year are shown on the pages vi to ix.

### Auditors

The Office of the Auditor General is responsible for the statutory audit of the Commission and in accordance to section 81(4) (a) of the Public Finance Management Act, 2012.



Anne R. Gitau (Mrs)

Commission Secretary

Date:.....14/9/2017.....

## STATEMENT OF COMMISSION'S RESPONSIBILITIES

The Public Finance Management Act, 2012 requires that the Commissioners prepare financial statements in respect of the Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results of the Commission for that year. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Commission. The Commissioners are also responsible for safeguarding the Commission's assets.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission'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 and the State Corporations Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2017, and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the Financial Statements

The Commission's financial statements were approved by the Commission on 14<sup>th</sup> September 2017 and signed on its behalf by:

Sarah J. C. Serem, EBS (Mrs) .....

Chairperson

Anne R. Gitau (Mrs) .....

Commission Secretary/CEO



REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON SALARIES AND REMUNERATION  
COMMISSION FOR THE YEAR ENDED 30 JUNE 2017

---

REPORT ON THE FINANCIAL STATEMENTS

**Opinion**

I have audited the accompanying financial statements of Salaries and Remuneration Commission set out on pages 1 to 19, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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, the financial statements present fairly, in all material respects, the financial position of Salaries and Remuneration Commission as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

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

**Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Salaries and Remuneration Commission in accordance with ISSAI 30 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 judgement, are of most significance in the audit of the financial statements. I have determined that there are no Key Audit Matters to communicate in my report.

---

*Report of the Auditor-General on the Financial Statements of Salaries and Remuneration Commission for the year ended 30 June 2017*

---

*Promoting Accountability in the Public Sector*

## **Responsibilities of Management and those Charged with Governance for the Financial Statements**

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 such 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

## **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the sustainability of services 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 Commission's ability to continue as a going concern or 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 Commission to cease to continue as a going concern or 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 Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**20 March 2018**

---

*Report of the Auditor-General on the Financial Statements of Salaries and Remuneration Commission for the year ended 30 June 2017*

**I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30 2017**

		2016-2017	2015-2016
	Notes	Kshs	Kshs
<b>REVENUE</b>			
<b>I Revenue from Non-Exchange Transactions</b>			
Exchequer Transfers	3	555,650,000	970,000,000
		555,650,000	970,000,000
<b>II Revenue from Exchange Transactions</b>			
Other Income	4	136,146	113,156
		<b>136,146</b>	<b>113,156</b>
<b>Total Revenue</b>		<b>555,786,146</b>	<b>970,113,156</b>
<b>EXPENDITURE</b>			
Employee Benefits	5	263,413,760	233,233,363
Board Expenses	6	58,877,179	54,787,827
General Expenses	7	121,730,840	180,389,908
Depreciation & Amortization	8	29,162,657	37,277,491
Repairs & Maintenance	9	6,306,677	5,022,346
Contracted Services	10	87,325,015	260,435,207
<b>Total Expenses</b>		<b>566,816,128</b>	<b>771,146,142</b>
<b>Surplus/(Deficit) for the Year</b>		<b>(11,029,982)</b>	<b>198,967,014</b>

The notes set on pages 25-34 form an integral part of these Financial Statements.

## II. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30 2017

		2016-2017	2015-2016
	Note	Kshs	Kshs
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	11	26,915,491	274,172,895
Receivables from exchange transactions	12	33,946,793	28,250,545
		<b>60,862,284</b>	<b>302,423,440</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	13a	50,272,705	76,252,182
Intangible Assets	13b	1,286,628	3,675,390
		51,559,333	79,927,572
<b>TOTAL ASSETS</b>		<b>112,421,617</b>	<b>382,351,012</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Other Payables from Exchange Transactions	15	1,110,336	2,578,322
Current Employee Benefits Obligation	14b	13,003,205	3,984,620
		<b>14,113,541</b>	<b>6,562,942</b>
<b>Non-Current Liabilities</b>			
Non-Current Employee Benefits Obligation	14a	6,446,176	4,520,302
<b>TOTAL LIABILITIES</b>		<b>20,559,717</b>	<b>11,083,243</b>
Net Current Assets		46,748,744	295,860,498
<b>Net Assets</b>		<b>91,861,900</b>	<b>371,267,768</b>
<b>Represented by:</b>			
<b>Equity</b>			
Accumulated Surplus		91,861,900	371,267,768
		<b>91,861,900</b>	<b>371,267,768</b>

The Financial Statements set out on pages 19 to 34 were signed on behalf of the Commission.



Anne R. Gitau (Mrs.)  
Commission Secretary  
Date 14/9/2017



CPA Margaret Njoka  
Director, Corporate Support Services  
ICPAK No. 9100  
Date 14/9/2017



Mrs. Sarah J. C. Serem EBS  
Chairperson  
Date 14/9/2017

### III. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30 2017

	Accumulated Fund	Total Fund
	Kshs	Kshs
<b>Balance as at 30 June 2015</b>	<b>157,985,703</b>	<b>157,985,703</b>
Prior Periods Adjustments	14,315,051	14,315,051
Surplus/(Deficit) for the Year	198,967,014	198,967,014
<b>Balance as at 30 June 2016</b>	<b>371,267,768</b>	<b>371,267,768</b>
Prior Periods Adjustments*	4,262,519	4,262,519
Transfer to Consolidated Fund	(272,638,404)	(272,638,404)
Surplus/(Deficit) for the Year	(11,029,982)	(11,029,982)
<b>Balance as at 30 June 2016</b>	<b>91,861,900</b>	<b>91,861,900</b>

\* Prior period adjustments included the staff leave provision of Kshs 3,760,078 for the Financial Year 2015/16 reversed in the current year.

#### IV. STATEMENT OF CASH FLOWS AS AT JUNE 30 2017

		2016-2017	2015-2016
	Notes	Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Exchequer Receipts	3	555,650,000	970,000,000
Legal Fees Refund	18	100,000	-
Insurance Compensation	19	93,687	146,160
Commission from Check-offs	4	69,868	64,977
<b>Total receipts</b>		<b>555,913,555</b>	<b>970,254,037</b>
<b>Payments</b>			
Employees Costs		261,630,734	213,164,053
Goods and Services		179,998,064	415,426,247
Rent Paid		29,562,600	29,927,752
Other Payments		58,877,179	56,182,986
<b>Total Payments</b>		<b>530,068,577</b>	<b>714,701,038</b>
<b>Net Cash Flows from Operating Activities</b>		<b>25,844,978</b>	<b>255,552,999</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, Plant, Equipment and Intangible Assets		466,578	2,797,610
Disposal of Items		(2,900)	
<b>Net Cash Flows Used in Investing Activities</b>		<b>463,978</b>	<b>2,797,610</b>
<b>Cash Flows from Financing Activities</b>			
Transfer to Consolidated Fund		272,638,404	-
<b>Net Cash Flows Used in Financing Activities</b>		<b>272,638,404</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(247,257,404)</b>	<b>252,755,389</b>
Cash and Cash Equivalents at the Beginning of the Year	11	274,172,895	21,417,506
<b>Cash and Cash Equivalents at 30 June</b>	<b>11</b>	<b>26,915,491</b>	<b>274,172,895</b>

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30 2017

FOR THE PERIOD ENDED 30 JUNE 2017						
	Original Budget	Budget Adjustments	Final Budget	Actual on Comparison Basis	Performance Difference	% difference
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Exchequer Receipts	532,940,000	23,400,000	<b>556,340,000</b>	555,650,000	690,000	0.1% (a)
Miscellaneous Receipts	100,000	-	<b>100,000</b>	72,468	(27,532)	-28% (b)**
Refunds Received	-	-	-	193,687	(193,687)	100% (c)**
<b>Total Income</b>	<b>533,040,000</b>	<b>23,400,000</b>	<b>556,440,000</b>	<b>555,916,155</b>	<b>(468,781)</b>	
<b>Expenses</b>						
Employees Costs	245,730,000	17,600,000.00	263,330,000	261,630,734	1,699,266	1% (d)
Goods and Services	203,560,000	606,234	204,166,243	179,998,064	23,561,936	12% (e)**
Rent Paid	9	(2,400,000.00)	29,600,000	29,562,600	37,400	0%
Other Payments	51,750,000	7,593,757	59,343,757	59,343,756	-	0% (f)
<b>Total Expenditure</b>	<b>533,040,000</b>	<b>23,400,000</b>	<b>556,440,000</b>	<b>530,535,155</b>	<b>25,298,602</b>	
<b>Surplus for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,381,000</b>	<b>25,767,383</b>	

**Budget Notes**

1. Explanation of material variance\*\*

b Variance of 28 percent is due revision of government policy allowing tender documents to be downloaded for free.

c The variance of 100 percent is as a result of the refund of legal fees not budgeted for in the financial year under review.

f The variance of 100 percent is as a result of unpaidd consultancy fees due to delay in submission of deliverables by Consultants.

2. The difference between the original budget and the final was as a result of reallocation of rent cost paid to consultancy services, and additional funds given during supplementary II for the remaining items.
3. The actual cost on comparable basis of the following items does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual). Reconciliations are as follows:

**a) Employee Cost**

<b>Balance as per Budget</b>		<b>261,630,733</b>
Add :Gratuity Provision	5,644,247	
:Prepaid Medical Insurance Opening Balance	15,723,768	
: Outstanding Leave Days Provision	4,184,992	25,553,007
Less : Prepaid Medical Insurance Closing Balance	23,769,981	23,769,981
<b>Balance as per the Financial Statements</b>		<b>263,413,759</b>

**b) Goods and Services and Rent**

<b>Balance as per Budget</b>		<b>209,560,664</b>
Add :Prepaid Insurance Opening Balance	1,979,218	
: Prepaid Rent Opening	9,152,400	
: Change in Accounts Receivables	371,766	
Less : Prepaid Insurance Expense Closing	5,099,841	16,603,225
:Prepaid Rent Closing	1,762,769	
:Opening Accounts Payables Balance	7,390,650	
<b>Balance as per Financial Statements</b>	1,647,938	10,801,357

**c) Other Payments**

<b>Balance as per Budget</b>		<b>59,343,757</b>
Less :Fixed Assets Purchased	466,578	
<b>Balance as per Financial Statements</b>		<b>58,877,179</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of Compliance and Basis of Preparation

The Commission's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya Shillings (Kshs) which is the functional and reporting currency of the Commission, and all values are rounded to the nearest cent. The accounting policies have been consistently applied. The Financial Statements have been prepared on the basis of the historical cost, except where otherwise stated in the statement of accounting policies. The cash flow statement is prepared using the indirect method. The Financial Statements are prepared on accrual basis.

### 2. Summary of Significant Accounting Policies

#### (a) Revenue Recognition

##### (i) Revenue from non-exchange transactions Exchequer allocations

The Commission recognizes revenue from exchequer allocation when the monies are received and asset recognition criteria met. 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 Commission and 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 Commission and can be measured reliably.

##### (ii) Revenue from exchange transactions Rendering of services

The Commission recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated

reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

#### Sale of tender documents

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 Commission.

#### (b) Budget Information

The original budget for FY 2016-2017 was approved by the National Assembly on July 1, 2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs 23.4 million on the 2016-2017 budget following Parliament's approval.

The Commission's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification base on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statement were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the basis difference, adjustments amounts in the financial statements are also made for differences in the formats and classification scheme adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts of

comparable basis included in the statement of comparison of budget and actual amounts has been presented under section V of these financial statements.

### **(c) Property, Plant and Equipment**

All property, plant and equipment are stated at a 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 Commission 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 asset as a replacement if the recognition criteria is 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. The depreciation on the assets disposed during the financial year is calculated up to the month of disposal.

It is the policy of the Commission to prorate depreciation on all its non-current assets year of purchase and in the year of disposal. The depreciation rate for the various classes of assets are as under.

### **(d) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at a cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

### **(e) Provisions**

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### **(f) Contingent liabilities**

Contingent liabilities are possible obligations that arose from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission; or a present obligation that arises from past events but is not recognized because:

- i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- ii. The amount of the obligation cannot be measured with sufficient reliability. The Commission 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.

### **(g) Contingent assets**

The Commission 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 Commission 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 assets' 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.

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

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

## **(l) Employee Benefits**

### **Retirement Benefits Plans**

The Commission operates a retirement benefit scheme for all its permanent and pensionable employees. Further, an amount equivalent to 31 percent of basic salary has been set aside as gratuity for all employees on contract. The Commission's contribution towards employee pension scheme and staff gratuity for employees on contract are charged to the statement of financial performance in the year to which the employees rendered their services to the Commission.

## **(j) 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.

## **(k) Related Parties**

The Commission regards a related party as a person or an authority with the ability to exert control individually or jointly, or to exercise significant influence over the Commission, or vice versa. Members of key management are regarded as related parties and comprise the Directors including the Commission Secretary. The following transactions were carried out with related parties:

	2016-2017	2015-2016
	Kshs	Kshs
<b>Key Management Compensations</b>		
i) Salaries and other Short Term Employment Benefits	22,471,500	29,137,192
<b>Board Remuneration</b>		
ii) Allowances Paid to Commissioners	63,089,009	55,474,007
<b>Grants from Related Parties</b>		
iii) Grants from GoK	555,650,000	970,000,000

## **(l) Leases**

Leases under which the lessor effectively retains the risks and rewards of ownership are classified as operating leases. Obligations incurred under operating leases are charged against income in equal instalments over the period of the lease

## **(m) Cash and Cash Equivalents**

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

## **(n) Significant Judgements and Sources of Estimation Uncertainty**

In preparing the financial statements in conformity with IPSAS, management makes estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and the related disclosures, presented in the financial statements at the end of the reporting period. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. Significant judgements include: leave provision, useful lives and depreciation methods and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements.

### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Commission based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Commission. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### Useful Lives and Residual Values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- (i) The condition of the asset based on the assessment of experts employed by the Commission;
- (ii) The nature of the asset, its susceptibility and adaptability to changes of technology and processes;
- (iii) The nature of the processes in which the asset is deployed;
- (iv) Availability of funding to replace the asset; and
- (v) Changes in the market in relation to the asset.

The various classes of assets, their useful lives and depreciation rate is indicated below.

### Provision

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

	2016-2017	2015-2016
	Kshs	Kshs
<b>Staff Leave Days Provision</b>	4,184,992	3,984,620

Provisions are recognized when:

- (i) A reliable estimate can be made of the obligation;
- (ii) It is probable that an outflow of resources embodies economic benefits or service;
- (iii) Potential will be required to settle the obligation; and
- (iv) The Commission has a present obligation as a result of a past event.

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate or reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Employees' entitlement to annual leave is recognized when it accrues. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

### 3. Exchequer Transfers

	2016-2017 Kshs	2015-2016 Kshs
Exchequer Receipts	555,650,000	970,000,000
	<b>555,650,000</b>	<b>970,000,000</b>

### 4. Other Incomes

Sale of Tender	-	42,900
Commission on IPPD Check-off	69,868	64,977
Gain/(loss) on Disposal	66,278	5,279
	<b>136,146</b>	<b>113,156</b>

### 5. Employee Benefits

Salaries and Allowances	207,131,798	190,083,220
Contribution to Pensions	25,719,920	20,816,859
Gratuity	5,644,248	1,713,727
Staff Medical Insurance	20,732,803	16,634,937
Staff leave Days Provision	4,184,992	3,984,620
	<b>263,413,761</b>	<b>233,233,363</b>

The cost of all short-term employee benefits is recognized during the period in which the employee renders the related service. The provisions for employee entitlements to salaries and annual leave represent the amount which the organization has a present obligation to pay as a result of employees' services provided as at the reporting date. The provisions have been calculated at undiscounted amounts based on current salary rates.

### 6. Board Expenses

	2016-2017 Kshs	2015-2016 Kshs
Sitting Allowance	51,708,870	45,772,500
Telephone	1,253,775	1,318,665
Travel Expenses	5,914,534	7,696,662
	<b>58,877,179</b>	<b>54,787,827</b>

### 7. General Expenses

Domestic Travel Subsistence	20,007,673	46,585,255
Foreign Travel Subsistence	840,218	2,807,469
Communication, Supplies and Services	8,525,806	6,683,221
Printing and Advertising	3,863,602	4,792,937
Rent and Rates	31,324,350	42,075,178
Training Expenses (including capacity building)	5,211,588	5,195,104
Catering Services	6,427,184	7,113,360
Postage & Delivery	1,665,370	1,549,941
Transport Costs and Charges	-	5,000
Insurance	1,979,218	2,545,029
Boards, Committees, Conferences and Seminars	33,752,855.60	53,609,451
Supplies & Accessories for Computers & Printers	4,008,802	3,063,904
Fuel Oil and Lubricants	1,453,113	1,231,220
Specialized Materials and Supplies	43,640	257,138
Office and General Supplies and Services	1,727,211	1,687,838
Membership Fees, Dues and Subscriptions	898,031	805,063
Parking Charges	2,180	382,800
	<b>121,730,840</b>	<b>180,389,908</b>

## 8. Depreciation and Amortization

Property, Plant and Equipment  
Intangible Assets

26,749,661		34,501,356
2,412,997		2,776,135
<b>29,162,657</b>		<b>37,277,491</b>

## 9. Repairs & Maintenance

Motor Vehicles  
Property, Plant and Equipment

2,169,445		2,281,315
4,137,232		2,741,031
<b>6,306,677</b>		<b>5,022,346</b>

## 10. Contracted Services

Contracted Professional Services  
Contracted Guards and Cleaning Services  
Legal Fees, Arbitration and Compensation

77,212,809		245,214,705
3,138,764		3,094,080
6,973,443		12,126,423
<b>87,325,015</b>		<b>260,435,207</b>

## 11. Cash and Cash Equivalents

CBK Main Operating Account  
Cash-on Hand and in Transit  
CBK Deposit Account  
CBK Cash 165 Account

	2016-2017 Kshs	2015-2016 Kshs
22,940,028		272,186,964
84,881		1,595,348
390,583		390,583
3,500,000		-
<b>26,915,491</b>		<b>274,172,895</b>

### a) Banks

Bank	Bank A/C No.	
CBK, Nairobi	1000181303	Kshs
CBK Deposit Account	1000182121	Kshs
CBK 165 Cash Account	1000182539	Kshs

22,940,028		272,186,964
390,583		390,583
3,500,000		-
<b>26,830,611</b>		<b>272,577,547</b>

## 12. Receivables

Staff Travel & Other Imprests Debtors  
Prepayments  
Salary Advance

-		-
32,923,400		26,855,386
1,023,393		1,395,159
<b>33,946,793</b>		<b>28,250,545</b>

13. Non-Current Assets					
(a) Property, Plant and Equipment					
	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<u>2016-2017</u>	25.0%	33.33%	33.33%	12.5%	
<b>Cost/Valuation</b>					
<b>1-Jul-16</b>	22,419,385	46,913,326	13,798,456	76,689,347	159,820,514
Additions	-	112,500	135,000	219,078	466,578
Disposals	-	-	(120,000)	-	(120,000)
<b>30-Jun-17</b>	22,419,385	47,025,826	13,813,456	76,908,425	160,167,091
<b>Accumulated Depreciation</b>					
<b>1-Jul-16</b>	21,018,174	31,835,603	8,196,439	22,518,117	83,568,332
Depreciation Overcharged 2015-16	-	(333,616)	-	-	(333,616)
Charge for the Year	1,401,212	11,732,319	4,025,397	9,590,732	26,749,661
Disposals			(89,991)		(89,991)
<b>30-Jun-17</b>	22,419,385	43,234,307	12,131,845	32,108,849	110,228,002
<b>Netbook Value</b>	21,018,174	31,835,603	8,196,439	22,518,117	83,568,332
<b>1-Jul-16</b>	1,401,212	15,077,723	5,602,017	54,171,230	76,252,182
<b>30-Jun-17</b>	-	3,791,519	1,681,611	44,799,575	50,272,705

<b>(b) Intangible Assets - 33.33%</b>	
<b>Cost</b>	<b>2016-2017</b>
1 July 2016	8,329,237
Additions	-
<b>30 June 2017</b>	<b>8,329,237</b>
<b>Amortization</b>	
1 July 2016	4,653,867
Depreciation Overcharged 2015-16 for the Year	(24,254) 2,412,997
<b>30 June 2017</b>	<b>7,042,609</b>
<b>Net Book Value</b>	
<b>30 June 2017</b>	<b>1,286,628</b>

<b>14. Employment Benefits Obligation</b>				
	<b>Opening Balance</b>	<b>Additional Provision</b>	<b>Withdrawals</b>	<b>Closing Balance</b>
<b>14a. Non-current Employee Obligation</b>				
Staff Gratuity	4,520,301	1,925,875	-	<b>6,446,176</b>
<b>14b. Current Employee Obligation</b>				
Gratuity Payable 2017-18	-	3,718,373	-	3,718,373
Leave Provision	3,984,620	4,184,992	(3,984,620)	4,184,992
Legal Suit Provision	-	5,099,841	-	5,099,841
<b>Total</b>	<b>3,984,620</b>	<b>13,003,205</b>	<b>(3,984,620)</b>	<b>13,003,205</b>
<b>Total Provision</b>	<b>8,504,921</b>	<b>14,929,080</b>	<b>(3,984,620)</b>	<b>19,449,381</b>

## 15. Other Payables from Exchange Transactions

	2016-2017	2015-2016
I) Current-Payables	Kshs	Kshs
Local Creditors	335,416	1,752,163
Other Payroll Liabilities	150,838	191,322
Contractors Retention	390,583	390,584
Withholding Tax Payable	233,499	244,252
	<b>1,110,336</b>	<b>2,578,322</b>

Trade payables represent outstanding payments to suppliers for services consumed. Payroll deductions include amounts outstanding for statutory deductions and co-operative societies.

### ii) Pending Bills

The Commission had pending bills totaling **Kshs 335,416** from its suppliers of goods and services as at 30<sup>th</sup> June 2017. All the Commissions pending bills have been adequately provided for in its budgetary provisions and will not require additional funding from external parties.

## 16. Financial Risk Management

The Commission's activities expose it to a variety of credit and liquidity risks. The overall risk management programme focuses on the unpredictability of the market and seeks to minimize potential adverse effects on its operations. The Commission regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the direct supervision of the board of directors. The board provides policies for overall risk management as well as policies covering specific areas such as interest rate risk, credit risk and liquidity risk.

### a) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Commission. Credit risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

- Cash and short-term deposits are placed with well-established financial institutions of high quality and credit standing and also approved by the National Treasury;
- Funds are invested in short-term facilities; and
- The organization does not raise debtors in its ordinary course of business.

Credit risk with respect to accounts receivable is limited due to the nature of the Commission's business and its reliance on government grant as the main source of funding. Market risk is the risk that the value of an investment will decrease due to changes in market factors. The above stated mitigating factors apply to market risk as well.

The amount that best describe the Commission's exposure to credit at the end of the financial year as follows:

### Credit Risk Management

	2016-2017	2015-2016
	Kshs	Kshs
Cash at Bank	26,915,491	274,172,895
Prepayments	32,923,400	26,855,386
Salary Advances	1,023,393	1,395,159
	<b>60,862,284</b>	<b>302,423,440</b>

All the Commission's receivables are fully performing and expected to be repaid.

## b) Liquidity Risk Management

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations when they fall due. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging the Commission's reputation. The Commission ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the board of directors. The amounts that best describe the Commission's exposure to liquidity risk at the end of the financial year are as follows:

	2016-2017	2015-2016
	Kshs	Kshs
Trade Payables all due within 30 days	335,416	1,752,163
Payroll Deductions	150,838	191,322
Provisions	19,449,381	8,504,921
Contractors Retention	390,583	390,584
	<b>20,326,218</b>	<b>10,838,990</b>

## 17. Contingent Liabilities/Assets

### i. Litigation case against the Commission by a former employee

The Commission has a litigation case in court relating to the claim by the Former CEO of Kshs 16,519,706 in respect to terminal dues and damages. From this amount, Kshs. 5,099,841 was awarded by the court in the financial year 2016-17 and has been provided for in the Financial Statements. The remaining portion amounting to Kshs 11,419,864 is still under appeal and hence has not been recognized in the books as a contingent liability.

### ii. Gratuity payment for employees on contract

The Commission has not provided for any claims for gratuity payment in respect of employees on contract in its current year's operating budget. This is estimated at Kshs **10.2 million** as at the close of the FY 2016/2017; included in this is gratuity of Kshs 3.7 million expected to fall due in the first half of the financial year 2017-18. The Commission did not include the arrears in its budget for 2017/2018. In the event any employee on contract opts for separation in the course of the year, the Commission faces the possibility of a claim that will require budgetary support over and above its current operating budget for 2017-2018.

## 18. Legal Fees Refund

Legal fees refund relates to a refund of Ksh 100,000 that was awarded by the Court to the commission after successfully winning a tender process case against the Complainant whom had sued the Commission.

## 19. Insurance compensation

The Insurance compensation of Ksh 93,687 relates to the compensation received from the underwriter for a lost laptop which was insured. The original cost of the laptop was Ksh 120,000 while the accumulated depreciation was Ksh 89,991 as at the time of loss.

## 20. Comparatives

Prior period comparative information has been presented in the current financial year. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## 21. Subsequent Events

There have been no events subsequent to the financial year end with significant impact on the financial statements for the year ended June 30, 2017.

## CHALLENGES

The challenges experienced by the Commission during the year were:

- (i) Inadequate funding which affected some key activities such as capacity building for stakeholders on compliance and development of remuneration and benefits management bill and regulations, implementation of network storage (Netapp), Electronic Document and Records Management System (EDRMS), e-board and user needs analysis and Enterprise Resource Planning (ERP) fitment study;
- (ii) Time constraints considering staff involvement in JE; and
- (iii) Late release of supplementary budget, leaving the Commission with limited time for implementation of its planned activities.

## WAY FORWARD

The Commission endeavours to mobilize adequate resources for implementation of all planned activities. The JE for Public Service has been fast tracked to allow time for implementation of other planned activities.

## SRC Advisories for 2016/2017

	<b>Institution and the Subject of Advice</b>	<b>Date and Reference of the Letter</b>
1.	Pension Contribution Rates for Narok County Public Service Board Employees	Advice conveyed vide letter Ref. No. SRC/TS/CG/NAR/3/61/33(12) dated 14 <sup>th</sup> November, 2016
2.	Higher Education Loans Board (HELB) - Car Loan and Mortgage Scheme for Public Officers	Advice conveyed vide letter Ref. No. SRC/TS/CHMLS/3/13 dated 25 <sup>th</sup> October, 2016
3.	Ministry of Information, Communications and Technology (MICT) – Daily Subsistence Allowance (DSA) for Members of the Taskforce on revamping Kenya Broadcasting Corporation	Advice conveyed vide letter Ref. No. SRC/TS/SC/KBC/3/17/20 (35) dated 25 <sup>th</sup> October, 2016
4.	Commission on Revenue Allocation- Rate of Interest on Staff Mortgage Scheme	Advice conveyed vide letter Ref. No. SRC/TS/CRA/3/35/10 (51) dated 18 <sup>th</sup> October, 2016
5.	Ministry of Information, Communications and Technology (MICT) - Payment of Allowances for the Selection Panel Members and Secretariat Personnel for the Complaints Commission and Communications and Multimedia Appeals Tribunal	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. III dated 18 <sup>th</sup> October, 2016
6.	Meru County Assembly- Remuneration for County Assembly Audit Committee	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (78) dated 13 <sup>th</sup> October, 2016
7.	Ministry of Information, Communications and Technology (MICT)- Payment of Allowances for the Taskforce Members, Joint Secretaries and Secretariat Personnel for the Taskforce on Revamping of the Kenya Broadcasting Corporation	Advice conveyed vide letter Ref. No. SRC/TS/SC/KBC/3/17/20 (33) dated 7 <sup>th</sup> October, 2016
8.	Kenya Broadcasting Corporation (KBC) - Transport Allowance for the Managing Director of Kenya Broadcasting Corporation	Advice conveyed vide letter Ref. No. SRC/TS/SC/KBC/3/17/20 (31) dated 23 <sup>rd</sup> September, 2016
9.	Kenya Literature Bureau - Registration of Collective Bargaining Agreement (2015/2019)	Advice conveyed vide letter Ref. No. SRC/TS/SC/3/17 Vol. V dated 19 <sup>th</sup> September, 2016
10.	Bomas of Kenya- Realigning the Grading and Salary Structure with the Current Civil Service Structure	Advice conveyed vide letter Ref. No. SRC/TS/BOK/3/17/42/Vol. I dated 12 <sup>th</sup> August, 2016
11.	Ethics and Anti-Corruption Commission (EACC) - Request for Salary Review for Staff	Advice conveyed vide letter Ref. No. SRC/TS/ANTI-CORR/3/35/7 Vol. II dated 12 <sup>th</sup> August, 2016
12.	Head of Public Service - Remuneration for the Committee on Implementation of Citizen Participation in Security in Kenya	Advice conveyed vide letter Ref. No. SRC/TS/CBT/3/3 Vol. IV dated 8 <sup>th</sup> August, 2016
13.	Attorney General's Office - Remuneration of Members of the College of Arms	Advice conveyed vide letter Ref. No. SRC/TS/SLO/3/5 Vol. I dated 25 <sup>th</sup> July, 2016
14.	Tourism Regulatory Authority - Categorization and Guidance on Payment of Allowance to Committee Members	Advice conveyed vide letter Ref. No SRC/TS/AG/3/37 Vol. III dated 14 <sup>th</sup> July, 2016
15.	Ministry of Public Service and Youth: Allowances Payable to Members of Task Force on the Development of Miraa Industry	Advice conveyed vide letter Ref. No. SRC/TS/MPSYG/3/1/3 (21) dated 26 <sup>th</sup> July, 2016
16.	Kenya National Trading Corporation (KNTC)	Advice conveyed vide letter Ref. No. SRC/TS/SC/3/17 Vol. IV (81) dated 15 <sup>th</sup> December, 2016
17.	National Intelligence Service	Advice conveyed vide letter dated 16 <sup>th</sup> August, 2016
18.	Ministry of Devolution and Planning	Advice conveyed vide letter dated 28 <sup>th</sup> October, 2016
19.	Kenya Citizens and Foreign Nationals Management Board - Request for Advice on Payment of Allowances to Board Members	Advice conveyed vide letter Ref. No. SRC/TS/CBT/3/3 Vol. IV (114) dated 9 <sup>th</sup> September, 2016
20.	Ministry of Information, Communications and Technology (MICT) - Payment of Allowance for Selection Panel Members and Secretariat Personnel for The Board of Media Council of Kenya	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV dated 7 <sup>th</sup> October, 2016

No.	Institution and the Subject of Advice	Date and Reference of the Letter
21.	Kenya Medical Training College - Implementation of the Collective Bargaining Agreement (CBA) and Harmonization of Salaries for Management Staff	Advice conveyed vide letter Ref. No. SRC/TS/KMTC/3/17/38 dated 10 <sup>th</sup> October, 2016
22.	The Kenya Veterinary Board - New Salary and Allowances for the Kenya Veterinary Board Staff	Advice conveyed vide letter Ref. No. SRC/TS/CBT/3/3 Vol.IV dated 24 <sup>th</sup> November, 2016
23.	Ufungamano - High Public Sector Wage Bill	Advice conveyed vide letter Ref. No. SRC/TS/WB/3/14 Vol. III (61) dated 25 <sup>th</sup> November, 2016
24.	Kenya National Trading Corporation Ltd - Implementation of the Regulation of Wages Amendment Order 2015	Advice conveyed vide letter Ref. No. SRC/TS/SC/3/17 Vol. IV (81) dated 15 <sup>th</sup> December, 2016
25.	County Attorney's Forum - Petition on Allowances Payable to Legal Personnel Serving in the county	Advice conveyed vide letter Ref. No. SRC/TS/CAF/3/61/49 (18) dated 28 <sup>th</sup> July, 2016
26.	Ministry of Health - Payment of Emergency Call Allowance	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV(44) dated 15 <sup>th</sup> August, 2016
27.	Laikipia County Assembly - Staff Salary Entry Grade and Salary Level Challenge	Advice conveyed vide letter Ref. No. SRC/TS/CGLA/3/61/20(43) dated 15 <sup>th</sup> August, 2016
28.	Privatization Commission - Clarification on Payment of Allowances to Personal Assistant to Persons with Disability	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (43) dated 15 <sup>th</sup> August, 2016
29.	Kilifi County Assembly - Airtime for Public Servants Working at the Assembly	Advice conveyed vide letter Ref. No. SRC/TS/CG/3/61/14(23) dated 2 <sup>nd</sup> September, 2016
30.	Siaya County Assembly - Allowances for Legal Officers	Advice conveyed vide letter Ref. No. SRC/TS/CG/SYA/3/61/38(18) dated 2 <sup>nd</sup> September, 2016
31.	All County Governments - Remuneration for Chief Officers	Advice conveyed vide letter Ref. No. SRC/TS/CG/KW/3/61/19(22) dated 23 <sup>rd</sup> September, 2016
32.	Vihiga County Assembly - Clarification on Acting Speaker's Allowance	Advice conveyed vide letter Ref. No. SRC/TS/CG/3/61/45(36) dated 29 <sup>th</sup> September, 2016
33.	Laikipia University - Review of Allowances in the Public Service	Advice conveyed vide letter Ref. No. SRC/TS/UG/3/7Vol. IV (10) dated 5 <sup>th</sup> October, 2016
34.	Bungoma County Assembly - Advice on Remuneration	Advice conveyed vide letter Ref. No. SRC/TS/CG/3/61/3(21) dated 13 <sup>th</sup> October, 2016
35.	Siaya County Assembly - Clarification on Staff Attached to the Speaker	Advice conveyed vide letter Ref. No. SRC/TS/CG/SYA/3/61/38(21) dated 27 <sup>th</sup> October, 2016
36.	Embu County Assembly - Payment of Allowance for External Member of County Assembly Service Board	Advice conveyed vide letter Ref. No. SRC/TS/CG/EM/3/61/6(64) dated 17 <sup>th</sup> November, 2016
37.	County Attorney's Forum - Allowances Payable to Legal Personnel Serving in the County	Advice conveyed vide letter Ref. No. SRC/TS/CAF/3/61/49(22) dated 17 <sup>th</sup> November, 2016
38.	Kirinyaga County - Payment of Health Workers Extraneous Allowance	Advice conveyed vide letter Ref. No. SRC/TS/CG/KIR/3/61/15(63) dated 18 <sup>th</sup> November, 2016
39.	Vihiga County Assembly - Clarification on Leave and Airtime Allowance for Staff	Advice conveyed vide letter Ref. No. SRC/TS/CG/VH/3/61/45(40) dated 21 <sup>st</sup> November, 2016
40.	Nairobi County - Health Workers Allowance: Dr Ochola	Advice conveyed vide letter Ref. No. SRC/TS/CG/NRB/3/61/30(107) dated 24 <sup>th</sup> November, 2016
41.	Wajir County- Salary Package for Dr Mohammed Abdurahman A.	Advice conveyed vide letter Ref. No. SRC/TS/CG/WJ/3/61/46(16) dated 7 <sup>th</sup> December, 2016
42.	Nyandarua County - Kenya Local Government Workers Union CBA 2012 and Payment of Leave Allowance	Advice conveyed vide letter Ref. No. SRC/TS/CG/3/61/35 dated 7 <sup>th</sup> December, 2016
43.	Kilifi County - Housing Benefit for Speakers	Advice conveyed vide letter Ref. No. SRC/TS/CG/3/61/14(33) dated 16 <sup>th</sup> December, 2016
44.	Laikipia County Assembly - Staff Entry Grade and Salary Level Challenge	Advice conveyed vide letter Ref. No. SRC/TS/CGLA/3/61/20 dated 17 <sup>th</sup> December, 2016
45.	Narok County - Annual Leave Allowance for the Staff of the Former Local Authorities	Advice conveyed vide letter Ref. No. SRC/TS/CG/3/61/33(7) dated 18 <sup>th</sup> December, 2016
46.	Circular - Housing Benefit for Governors	Advice conveyed vide letter Ref. No. SRC/TS/CGOVT/3/61 dated 24 <sup>th</sup> October, 2016
47.	Circular - Housing Benefit for Speakers	Advice conveyed vide letter Ref. No. SRC/TS/CGOVT/3/61 dated 24 <sup>th</sup> October, 2016
48.	Marsabit County Assembly - Leave Allowance Automation	Advice conveyed vide letter Ref. No. SRC/TS/CG/MAR/3/61/25(14) dated 15 <sup>th</sup> July, 2016
49.	Teachers Service Commission (TSC) - Clearance for Registration of CBA (2017-2021) between TSC and	Advice conveyed vide letter Ref. No. SRC/TS/TSC/3/35/2 Vol. III(88) dated 14 <sup>th</sup> November, 2016

No.	Institution and the Subject of Advice	Date and Reference of the Letter
	Kenya National Union of Teachers (KNUT) and Kenya Union of Post Primary Education Teachers (KUPPET)	
50.	Kisumu Polytechnic - Registration of Collective Bargaining Agreement	Advice conveyed vide letter Ref. No. SRC/TS/UG/3/7 Vol. IV(28) dated 1 <sup>st</sup> December, 2016
51.	Pwani University - Proposed Collective Bargaining Agreement (CBA) between University Academic Staff Union (UASU) and Pwani University Council	Advice conveyed vide letter Ref. No. SRC/TS/UG/3/7 Vol. IV(23) dated 24 <sup>th</sup> November, 2016
52.	Co-operative University - CBA Negotiations 2013-2017	Advice conveyed vide letter Ref. No. SRC/TS/UG/3/7 Vol. IV(15) dated 11 <sup>th</sup> October, 2016
53.	Coast Water Services Board - Advice on CBA with Commercial Food and Allied Workers Union	Advice conveyed vide letter Ref. No. SRC/TS/CBT/3/3 Vol. V(9) dated 11 <sup>th</sup> October, 2016
54.	Pyrethrum Processing Company - CBA Proposals between Agriculture, Fisheries and Food Authority(AFFA) and Kenya Chemical and Allied Workers Union (KCAWU) for Pyrethrum and other Industrial Directorates	Advice conveyed vide letter Ref. No. SRC/TS/SC/3/17 Vol. V(71) dated 30 <sup>th</sup> September, 2016
55.	Kenyatta University - Proposed CBA between Kenyatta University and UASU, KUSU and KUDHEIHA (2013-2017)	Advice conveyed vide letter Ref. No. SRC/TS/UG/3/7 Vol. IV(7) dated 19 <sup>th</sup> September, 2016
56.	Sugar Companies - Appeal, CBA (2015-2017) between Sugar Employers Group and Federation of Kenya Employers and Kenya Union of Sugar Plantation and Allied Workers (KUSPAW)	Advice conveyed vide letter Ref. No. SRC/TS/SC/SU/3/17/9 Vol. II/15 Vol. IV(23) dated 15 <sup>th</sup> August, 2016
57.	Jaramogi Oginga Odinga University - CBA (2010-2013) with UASU, KUSU and KUDHEIHA Workers	Advice conveyed vide letter Ref. No. SRC/TS/UG/3/7 Vol. III(102) dated 11 <sup>th</sup> August, 2016
58.	Laikipia University - CBA (2012-2013) with UASU, KUSU and KUDHEIHA	Advice conveyed vide letter Ref. No. SRC/TS/UG/3/7 Vol. III(103) dated 11 <sup>th</sup> August, 2016
59.	Kisii University - Registration of CBA (2012-2013) with UASU, KUSU and KUDHEIHA Workers	Advice conveyed vide letter Ref. No. SRC/TS/UG/3/7 Vol. III(101) dated 11 <sup>th</sup> August, 2016
60.	Kenya School of Government - CBA registration	Advice conveyed vide letter Ref. No. SRC/TS/KSG/3/27/(23) dated 4 <sup>th</sup> July, 2016
61.	Kitui County - Health Workers Extraneous Allowance	Advice conveyed vide letter Ref. No. SRC/TS/CG/3/61/23 18(34) dated 24 <sup>th</sup> November, 2016
62.	Kaimosi Teachers College - Clarification on Health Workers	Advice conveyed vide letter Ref. No. SRC/TS/HWI/3/23 Vol. I(16) dated 17 <sup>th</sup> November, 2016
63.	Kenya Industrial Research and Development Institute (KIRDI) - Career Progression Guidelines	Advice conveyed vide letter Ref. No. SRC/TS/SC/KIRDI/3/17/27(7) dated 17 <sup>th</sup> November, 2016
64.	Ministry of Devolution and Planning - Salary Adjustments for Employees of Constituency Development Fund Board	Advice conveyed vide letter Ref. No. SRC/TS/CBT/3/3 Vol. IV(10) dated 7 <sup>th</sup> October, 2016
65.	Murang'a County Public Service Board - Request for a Stipend of Kshs 10,000 p.m. for Clinical Officers on Attachment	Advice conveyed vide letter Ref. No. SRC/TS/CG/3/61/29(50) dated 29 <sup>th</sup> September, 2016
66.	Kenyatta National Hospital - Health and Workers Extraneous Allowance to Staff Not Drawing the Allowance	Advice conveyed vide letter Ref. No. SRC/TS/KNH/3/17/II(26) dated 27 <sup>th</sup> September, 2016
67.	Public Service Commission - Request for Payment of Sitting Allowance to Members of Inter-Agency Committee on Health Workers HR Matters	Advice conveyed vide letter Ref. No. SRC/TS/HWI/3/23 Vol. I (14) dated 15 <sup>th</sup> September, 2016
68.	Kenyatta National Hospital - Appeal on Payment of Health Workers Extraneous Allowance	Advice conveyed vide letter Ref. No. SRC/TS/KNH/3/17/II (22) dated 14 <sup>th</sup> September, 2016
69.	Ministry of Public Service, Youth and Gender Affairs - Draft CBA	Advice conveyed vide letter Ref. No. SRC/TS/MPYG/3/1/3(15) dated 19 <sup>th</sup> August, 2016
70.	Taita Taveta County Public Service Board - Request for Clarification on Allowances	Advice conveyed vide letter Ref. No. SRC/TS/CG/TT/3/61/39(32) dated 16 <sup>th</sup> August, 2016
71.	Kenya Institute for Public Policy Research and Analysis (KIPPR) - Implementation of SRC Circular on Review of Allowances in the Public Service	Advice conveyed vide letter Ref. No. SRC/TS/KIPPR/3/36 (13) dated 30 <sup>th</sup> August, 2016
72.	National Social Security Fund (NSSF) - Payment of Extraneous Allowance for NSSF staff in Huduma Centres	Advice conveyed vide letter Ref. No. SRC/TS/NSSF/ 3/17/6 (17) dated 14 <sup>th</sup> September, 2016

No.	Institution and the Subject of Advice	Date and Reference of the Letter
73.	Ministry of Education, Science & Technology - Facilitation of Non-Civil Servant when Contracted by the Government	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (30) dated 9 <sup>th</sup> August, 2016
74.	Office of the Registrar of Parties (ORPP) - Remuneration Payable to County Monitors in Strengthening Capacity of the ORPP	Advice conveyed vide letter Ref. No. SRC/TS/RPP/3/3/1 (14) dated 9 <sup>th</sup> December, 2016
75.	State House - Approval of Per Diem Rates, Sitting Allowances and Travelling Costs for the Multi-Agency Secretariat and Appointed to Facilitate the Demarcation and Delimitation of Kenya-South Sudan Boundary	Advice conveyed vide letter Ref. No. SRC/TS/SH/3/1/1 (16) dated 15 <sup>th</sup> September, 2016
76.	Commission on Administrative Justice (CAJ) - Top-Up Allowance for Security personnel	Advice conveyed vide letter Ref. No. SRC/TS/CAJ/3/35/6 Vol. I (105) dated 19 <sup>th</sup> September, 2016
77.	Ministry of Interior and Coordination of National Government - Payment of Extraneous Allowance for Mr Maurice Inyama Ashiono	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (65) dated 6 <sup>th</sup> October, 2016
78.	Public Service Commission - Terms and Conditions of Service for County Secretaries	Advice conveyed vide letter Ref. No. SRC/TS/CGOVT/3/61 Vol. IV (14) dated 6 <sup>th</sup> October, 2016
79.	State Law Office - Board Allowances - Business Registration Service	Advice conveyed vide letter Ref. No. SRC/TS/SLO/3/5 VOL.I (21) dated 13 <sup>th</sup> October, 2016
80.	Ministry of Trade, Trade and Cooperatives - Payment of Allowances to Members and Secretariat who Participated in the International Trade Fair as from 12 <sup>th</sup> September to 9 <sup>th</sup> October, 2016	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 (85) dated 29 <sup>th</sup> November, 2016
81.	Commission on Revenue Allocation - Rate of Interest on Mortgage Scheme	Advice conveyed vide letter Ref. No. SRC/TS/CRA/3/35/10 (42) dated 4 <sup>th</sup> July, 2016
82.	County Assembly of Nyeri - Advice on Payment of Top Up Allowance	Advice conveyed vide letter Ref. No. SRC/TS/CG/NY/3/61/36 (22) dated 11 <sup>th</sup> July, 2016
83.	Marsabit County Assembly - Medical Cover Limit for Members of County Assembly	Advice conveyed vide letter Ref. No. SRC/TS/CG/MAR/3/61/25 (13) dated 15 <sup>th</sup> July, 2016
84.	Meru County Public Service Board - Authority to Pay Risk Allowance	Advice conveyed vide letter Ref. No. SRC/TS/CG/ME/3/61/26 (54) dated 21 <sup>st</sup> July, 2016
85.	Uasin Gishu County Public Service Board - Allowances for Legal Personnel in the Public Service	Advice conveyed vide letter Ref. No. SRC/TS/CG/UG/3/61/44 (23) dated 28 <sup>th</sup> July, 2016
86.	National Housing Corporation - Clarification on Car Loan and Mortgage	Advice conveyed vide letter Ref. No. SRC/TS/NHC/3/17/44 Vol. I (6) dated 2 <sup>nd</sup> August, 2016
87.	County Government of Laikipia - Staff Salary Entry Grade	Advice conveyed vide letter Ref. No. SRC/TS/CG/LA/3/61/20 (43) dated 15 <sup>th</sup> August, 2016
88.	Uasin Gishu County Assembly - Telephone Allowance	Advice conveyed vide letter Ref. No. SRC/TS/CG/UG/3/61/4 (19) dated 15 <sup>th</sup> August, 2016
89.	Commission on Revenue Allocation - Rate of Interest on Mortgage Scheme	Advice conveyed vide letter Ref. No. SRC/TS/CRA/3/35/10 dated 25 <sup>th</sup> August, 2016
90.	Taita Taveta - Advice on Salary	Advice conveyed vide letter Ref. No. SRC/TS/CG/TT/3/61/39 (35) dated 26 <sup>th</sup> Aug, 2016
91.	Kilifi County - Ward Administrators Remuneration	Advice conveyed vide letter Ref. No. SRC/TS/CG/KIL/3/61/14 (22) dated 5 <sup>th</sup> September, 2016
92.	Baringo County - Car Loan & Mortgage	Advice conveyed vide letter Ref. No. SRC/TS/CG/BA/3/61/1 (57) dated 10 <sup>th</sup> October, 2016
93.	Bomet County - House Rent	Advice conveyed vide letter Ref. No. SRC/TS/CG/BO/3/61/2 (24) dated 10 <sup>th</sup> October, 2016
94.	Siaya County Assembly - Audit Committee	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (71) dated 11 <sup>th</sup> October, 2016
95.	Kilifi County - Audit committee	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (72) dated 11 <sup>th</sup> October, 2016
96.	Kenya National Commission on Human Rights - Audit Committee	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (75) dated 11 <sup>th</sup> October, 2016
97.	Busia - Audit Committee	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (74) dated 11 <sup>th</sup> October, 2016
98.	National Treasury - Audit committee	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (77) dated 11 <sup>th</sup> October, 2016
99.	National Gender and Equality Commission - Audit Committee	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (76) dated 11 <sup>th</sup> October, 2016

No.	Institution and the Subject of Advice	Date and Reference of the Letter
100.	Office of the Registrar of Parties (ORPP) - Audit Committee	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (79) dated 11 <sup>th</sup> October, 2016
101.	Machakos County - Gratuity	Advice conveyed vide letter Ref. No. SRC/TS/CG/MA/3/61/22 (31) dated 21 <sup>st</sup> October, 2016
102.	Machakos County - Extraneous Allowance	Advice conveyed vide letter Ref. No. SRC/TS/CG/MA/3/61/22 (32) dated 28 <sup>th</sup> October, 2016
103.	Tharaka Nithi - Leave, Commutation & us of Personal Vehicle	Advice conveyed vide letter Ref. No. SRC/TS/CG/TN/3/61/41 (18) dated 28 <sup>th</sup> October, 2016
104.	Office of Director of Public Prosecutions (ODPP) - Audit Committee	Advice conveyed vide letter Ref. No. SRC/TS/ODPP/3/32 Vol. I (100) dated 28 <sup>th</sup> October, 2016
105.	Vihiga County Assembly - Request for Information	Advice conveyed vide letter Ref. No. SRC/TS/CG/VG/3/61/45 (38) dated 15 <sup>th</sup> November, 2016
106.	Krinyaga County - Health Workers Extraneous	Advice conveyed vide letter Ref. No. SRC/TS/CG/KIR/3/61/15 (63) dated 18 <sup>th</sup> November, 2016
107.	Nyeri County Public Service Board - SRC Consultation on Remuneration and Benefits	Advice conveyed vide letter Ref. No. SRC/TS/CG/NY/3/61/36 (25) dated 29 <sup>th</sup> November, 2016
108.	Nyeri County Public Service Board - Per Diem and Allowances for Part Time Board Members	Advice conveyed vide letter Ref. No. SRC/TS/CG/NY/3/61/36 (26) dated 16 <sup>th</sup> December, 2016
109.	Kenya Forestry Research Institute - Retirement Allowance	Advice conveyed vide letter Ref. No. SRC/TS/SC/KEFRI/3/17/25/ (18) dated 20 <sup>th</sup> December, 2016
110.	Ministry of Agriculture, Livestock and Fisheries - Allowances for Strategic Food Reserve Oversight Board Members and Secretariat	Advice conveyed vide letter Ref. No. SRC/TS/CBT/3/3/IV dated 15 <sup>th</sup> August, 2016
111.	Konza Technologies Development Authority - Payment of Allowances to Members of Committees, Taskforces, Tribunals and Commissions of Inquiry	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV dated 19 <sup>th</sup> July, 2016
112.	County Secretaries Forum - Harmonization of Benefits for County Secretaries	Advice conveyed vide letter Ref. No. SRC/TS/CG/BA/3/61 dated 23 <sup>rd</sup> September, 2016
113.	Commission on Revenue Allocation - Salaries and Allowances for County State Officers and Public Officers after August 2017	Advice conveyed vide letter Ref. No. SRC/TS/CRA/3/35/48 dated 8 <sup>th</sup> September, 2016.
114.	Ministry of Sports, Culture and Arts - Rio De Janeiro Probe Committee Sitting and other Allowances	Advice conveyed vide letter Ref. No. SRC/TS/AG/3/37 Vol. IV (69) dated 13 <sup>th</sup> October, 2016
115.	Kenya Railways: CBA (2013-2017) between Kenya Railways Corporation (KRC) and Railway and Allied Workers Union (RAWU)	Advice made through letter Ref. No. SRC/TS/SC/KR/3/17 /15(14) dated 19 <sup>th</sup> September, 2016
116.	Kenya Marine & Fisheries Research Institute (KMFRI): Outcry of KMFRI Workers to Salaries and Remuneration Commission	Advice made through letter Ref. No. SRC/TS/SC/KMFRI/3/17/23 dated 8 <sup>th</sup> July, 2016
117.	Ministry of Education, Science and Technology: Appeal on Remuneration of National Council for Nomadic Education in Kenya (NACONEK) Council Members	Advice conveyed vide letter Ref. No. SRC/TS/MDP/3/1/2(72) dated 16 <sup>th</sup> August, 2016
118.	Kenya National Commission on Human Rights: Salary and Allowances Progression for KNCHR Staff Members	Advice conveyed vide letter Ref. No. SRC/TS/KNCHR/3/35/12(35) dated 17 <sup>th</sup> August, 2016
119.	Local Authorities Provident Fund (LAPFUND): Salary Structure for Local Authorities Provident Fund	Advice conveyed vide letter Ref. No. SRC/TS/LAPFUND/3/9/1(8) Dated 19 <sup>th</sup> August, 2016
120.	Office of the Attorney General and Department of Justice: Allowances for the Office of the Victim Protection Board under the Victim Protection Act	Advice conveyed vide letter Ref. No. SRC/TS/CBT/3/3 Vol. V (9) dated 10 <sup>th</sup> October, 2016
121.	Retirement Benefits Authority - Performance Bonus	Advice conveyed vide letter Ref. No. SRC/TS/RBA/3/17/14 (18) dated 14 <sup>th</sup> September, 2016
122.	Capital Markets Authority (CMA) - Performance Bonus	Advice conveyed vide letter Ref. No. SRC/TS/SC/3/17/Vol. V (68) dated 14 <sup>th</sup> September, 2016
123.	Bomas of Kenya - Collective Bargaining Agreement (CBA)	Advice conveyed vide letter Ref. No. SRC/TS/BOK/3/17/42 Vol. 1 (12) dated 10 <sup>th</sup> October, 2016
124.	Denan Kimathi - Collective Bargaining Agreement (CBA)	Advice conveyed vide letter Ref. No. SRC/TS/UG/3/7 Vol. IV (6) dated 19 <sup>th</sup> September, 2016
125.	Salary Structure for Civil Servants	Advice conveyed vide letter Ref. No. SRC/TS/PSC/3/35/4 (33) 6 <sup>th</sup> December, 2016

No.	Institution and the Subject of Advice	Date and Reference of the Letter
126.	Payment of Allowances to Members of Committees, Taskforces, and Tribunals and Commissions of Inquiry in the Public Service	Advice conveyed vide letter Ref. No. SRC/TS/ODPP/3/32/32 Vol. I (97) 14 <sup>th</sup> September, 2016
127.	Salary and Allowances for Kenya Tsetse And Trypanosomiasis Eradication Council (KENTTEC) Staff	Advice conveyed vide letter Ref. No. SRC/TS/DRRPS/3/26 Vol. V (138) 14 <sup>th</sup> September, 2016
128.	Request for Advice on CBA for Doctors and Nurses	Advice conveyed vide letter Ref. No. SRC/TS/PSTU/3/52 Vol. III (41) 8 <sup>th</sup> December, 2016
129.	Exit Proposal for Members of the Judges And Magistrates Vetting Board	Advice conveyed vide letter Ref. No. SRC/TS/JSC/3/35/8 Vol. II (63) 12 <sup>th</sup> August, 2016
130.	Report of the Taskforce on Organization and Management of ICT Personnel in the Civil Service	Advice conveyed vide letter Ref. No. SRC/TS/ICTA/3/17/29 (25) 17 <sup>th</sup> November, 2016
131.	Special Allowance for ODPP Staff Engaged in Fight Against Corruption	Advice conveyed vide letter Ref. No. SRC/TS/ODPP/3/32 (101) 25 <sup>th</sup> November, 2016
132.	Re-Alignment of House Allowance Rates for the Staff of the Kenya National Commission for UNESCO	Advice conveyed vide letter Ref. No. SRC/TS/CBT/3/3 Vol. V (23) 24 <sup>th</sup> November, 2016
133.	Remuneration for Public Officers And Members of The Private Sector- World Youth (U 18) Championship, 2017	Advice conveyed vide letter Ref. No. SRC/TS/DRRPS/3/26 Vol. V (135) 11 <sup>th</sup> November, 2016
134.	Remuneration for Public Officers and Members of the Private Sector- World Youth (U 18) Championship, 2017	Advice conveyed vide letter Ref. No. SRC/TS/DRRPS/3/26 Vol. VI (6) 17 <sup>th</sup> November, 2016
135.	Proposal on Salary Review for CRA Staff	Advice conveyed vide letter Ref. No. SRC/TS/CRA/3/35/10 (43) 12 <sup>th</sup> August, 2016
136.	Request for Advice on Payment of Allowances to Board Members	Advice conveyed vide letter Ref. No. SRC/TS/DRRPS/3/26 Vol. V (127) 4 <sup>th</sup> July, 2016