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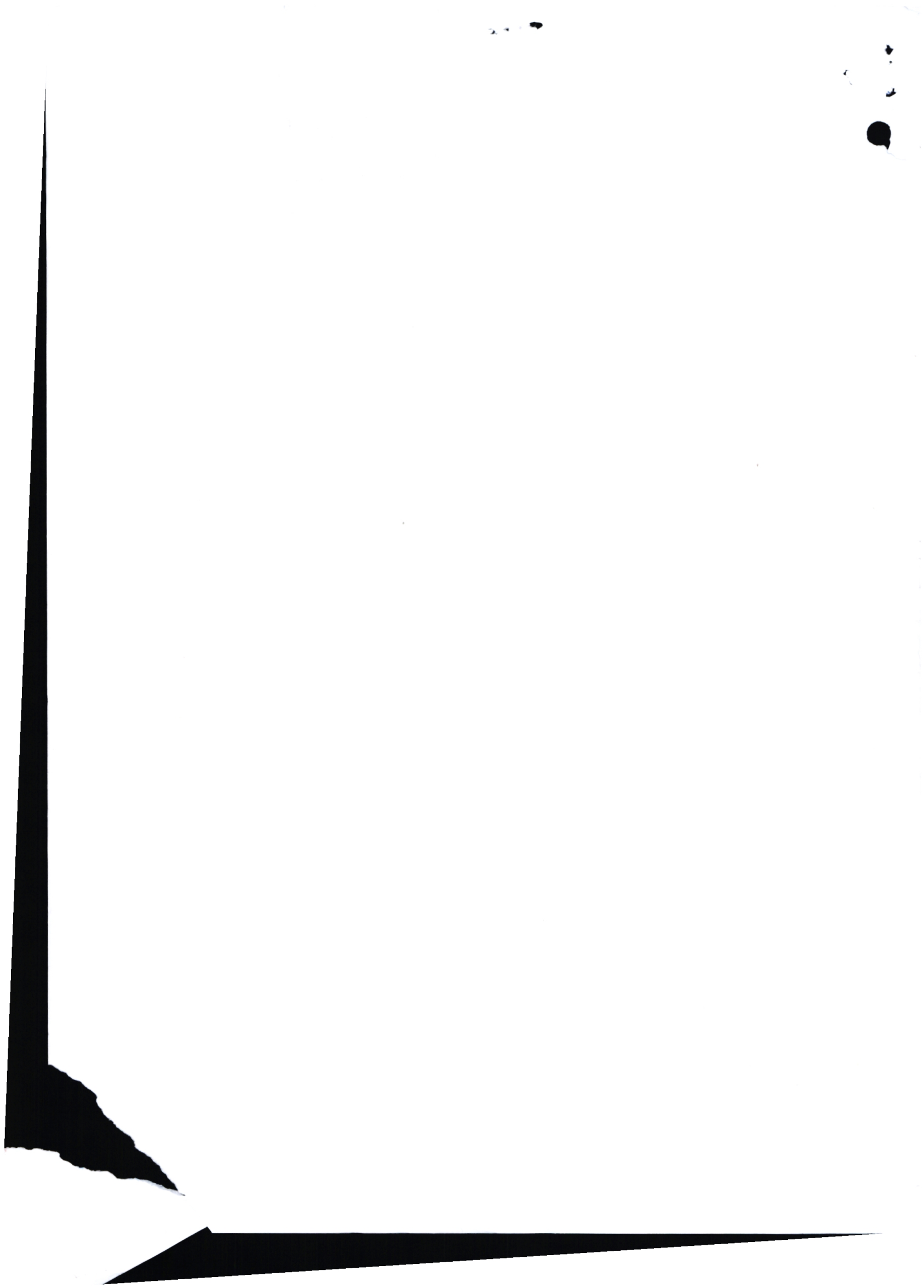
OF

THE AUDITOR-GENERAL

ON

**SACCO SOCIETIES REGULATORY
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2024**





**SACCO SOCIETIES REGULATORY AUTHORITY
(SASRA)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024**

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

**The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024**

Table of Contents

Table of Contents ii

List of Tables iii

1. Acronyms and Definition of Key Terms..... iv

2. Key Entity Information and Management.....vii

3. The Board of Directors.....xii

4. Key Management Team.....xvi

5. Chairman’s Statement.....xix

6. Report of the Chief Executive Officer.....xxiii

7. Statement of Performance against Predetermined Objectives for FY 2023-24..... xxix

8. Corporate Governance Statement..... xxxviii

9. Management Discussion and Analysis..... xlviii

10. Environmental and Sustainability Reportinglxi

11. Report of the Directors..... lxvii

12. Statement of Directors Responsibilities..... lxviii

13. Report of the Independent Auditor for the Financial Statements of The Sacco Societies Regulatory Authority for the year ended June 30, 2024...... lxix

14. Statement of Financial Performance for the year ended 30 June 2024..... 1

15. Statement of Financial Position as at 30 June 2024..... 2

16. Statement of Changes in Net Assets for the year ended 30 June 2024 3

17. Statement of Cash Flows for the year ended 30 June 2024 4

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024 5

19. Notes to the Financial Statements 7

27. Appendices 31

List of Tables

Table 1 Key Management Personnel ix

Table 2 Performance Targets and Achievements for FY 2023/24 xxix

Table 3: Schedule of Full Board Meetings..... xl

Table 4 Technical Committee Meetings Attendancexli

Table 5: Corporate Services Committee Meetings Attendancexli

Table 6: Audit, Risk Management and Corporate Governance Committee Meetings..... xlii

Table 7: Board Trainings and Workshops..... xliv

Table 8 Remuneration Rates of the Board membersxlv

Table 9 Succession Planning of the Board members..... xlvii

Table 10 Comparative Growth Trend in Key Performance Parameters for Regulated SACCOs.. li

*The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024*

1. Acronyms and Definition of Key Terms

A: Acronyms

AML	Anti Money Laundering
BCM	Business Continuity Management
BETA	Bottom-Up Economic Transformation Agenda
BOSA	Back Office Savings Activity
BPR	Business Process Reengineering
CAJ	Commission on Administrative Justice
CAMEL	Capital Assets Management Equity and Liability
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CFT	Counter Financing of Terrorism
CLF	Central Liquidity Fund
DGF	Deposit Guarantee Fund
DT-SACCO	Deposit Taking Saccos
EACC	Ethics and Anti-Corruption Commission
ESG	Environmental, Social Governance
ERM	Enterprise Risk management
FRC	Financial Reporting Centre
FSD	Financial Sector Deepening
FSSR	Financial Sector Stability Report
GOK	Government of Kenya
FRC	Financial Reporting Centre
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communications Technology
IPSAS	International Public Sector Accounting Standards
MSMEs	Micro, Small and Medium Enterprises

***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***

NT	National Treasury
NWDT- SACCO	Non-Withdrawable Deposit Taking Saccos
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
POCAMLA	Proceeds of Crimes and Anti-Money Laundering Act, 2009
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SACCO	Savings and Credit Cooperatives
SAGAs	Semi-Autonomous Government Agencies
SASRA	Sacco Societies Regulatory Authority
SC	State Corporations
SCAC	State Corporation Advisory Committee
SSA	Sacco Societies Act (Cap 490B)
TNA	Training Needs Assessment
RBSS	Risk Based Supervision System

***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***

B: Definition of Key Terms

Act	The Sacco Societies Act 2008 (CAP 490B)
Authority	The Sacco Societies Regulatory Authority (SASRA)
Fiduciary Management	Members of Management directly entrusted with the responsibility of financial resources of the organisation
Regulation 2010	Sacco Societies Regulations (Deposit taking Sacco business), Regulations 2010
Regulation 2020	Sacco Societies Regulations (Non - Deposit taking business), Regulations 2020
Parent Ministry	Ministry of Cooperatives and Micro, Small and Medium Enterprises Development.
Comparative Year	Means the prior period

2. Key Entity Information and Management

(a) Background information

The Sacco Societies Regulatory Authority (SASRA) is a State Corporation under the Ministry of Co-operatives and Micro, Small and Medium Enterprise (MSME) Development. It was established as the Government's principal agency for supervision and regulation of SACCO Societies in Kenya pursuant to the provisions of the Sacco Societies Act Cap 490B. The Authority started its operations in 2010 upon Gazettement of the Sacco Societies (Deposit-taking Sacco Business) regulations, 2010 on 18th June 2010.

(b) Principal Activities

The Authority is charged with the responsibility of overseeing the implementation of the provisions of the *Sacco Societies Act* and the Regulations made thereunder, with the main functions being the licensing of SACCO Societies to undertake deposit taking SACCO business and the regulation and supervision of designated SACCO Societies in Kenya. The two main regulations which have been made pursuant to the Act and which the Authority implements are the *Sacco Societies (Deposit-Taking Sacco Business) Regulations, 2010* which applies to the licensing, regulation and supervision of SACCOs undertaking deposit taking business; and the *Sacco Societies (Non-Deposit Taking Business) Regulations 2020* which applies to the authorization, regulation, and supervision of SACCOs undertaking specified Non-Deposit Taking business.

Additionally, the Authority is responsible for overseeing the compliance of regulated SACCO Societies with the provisions of the *Proceeds of Crimes and Anti-Money Laundering Cap 56 (POCAMLA)* pursuant to *Section 36A* thereof as read with the *First Schedule* thereto which lists the Authority as one of the supervisory bodies for purposes of the POCAMLA.

VISION



A financially inclusive, member centric and stable SACCO industry

MISSION



To regulate, supervise and develop the SACCO industry through promotion of prudent practices to protect member's interests, enhance access to financial services and foster financial stability.



(c) Key Management

The Chief Executive Officer (CEO) oversees the Authority's daily operations and serves as the Accounting Officer, with support from functional heads according to the organizational structure. The CEO is answerable to the Board of Directors, who report on all policies, decisions, and actions to the Cabinet Secretary for Cooperatives and Micro, Small, and Medium Enterprises Development.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 with direct fiduciary responsibility were:

The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024

TABLE 1 KEY MANAGEMENT PERSONNEL

No.	Designation	Name
1.	Chief Executive Officer	Peter Njuguna, EBS
2.	Director, Legal Services and Corporation Secretary	Roselyne Ragama
3.	Director, Compliance, Market Conduct and Regional Coordination	Peter Owira
4.	Director, Corporate Services	David Sandagi
5.	Manager, Human Capital and Administration	Boniface Musumbi
6.	Manager, Finance and Accounts	Flora Kimari
7.	Manager, Supply Chain Management	Julius Muraguri
8.	Manager, Internal Audit	Sammy Korir/Anthony Mkabane
9.	Manager, Research, Planning & Strategy and Risk Management	Norah Biomndo
10.	Manager, Sacco Supervision	Jeremiah Were
11.	Manager, Information Communication Technology	Stephen Michubu
12.	Manager, Market Conduct	Anne Kago
13.	Manager, Licensing and Regulations	Dr. David Kahuthu
14.	Manager, Sacco Societies Fraud Investigation Unit	Sophia Mukiri
15.	Manager, Corporate Communications	Yvonne Gatobu
16.	Manager, Compliance	Joseph Osoro

*The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024*

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements and structures include:

i) Board of Directors

The board through various committees is responsible of giving strategic direction and risk and quality assurance on all key Authority's operations.

ii) Inspector General- State Corporations.

Ensures compliance with relevant legal and procedural matters in ensuring the Authority delivers on its mandate.

iii) Cabinet Secretary.

Responsible for Cooperatives and Micro, Small and Medium Enterprises Development guides on policy direction in ensuring the Authority delivers on its mandate to support the wider Government agenda.

iv) Auditor General.

Has the overall responsibility of ensuring an independent assessment of the Authority's financial and operational dealings issuing opinion to confirm the validity and compliance with laid down procedures and laws.

v) Parliamentary Committees

The Authority is answerable to various Parliament committees depending on the matter at hand.

*The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024*

Key Entity Information and Management (continued)

(f) Entity Headquarters

Old Mutual Tower, 19th Floor
Upper Hill Road – Upper hill
P.O. Box 25089-00100
NAIROBI, Kenya

(g) Entity Contacts

Telephone: 020-2935000/101, 0796488200
E-mail: info@sasra.go.ke
Website: www.sasra.go.ke
Toll free: 0800724422

(h) Entity Bankers

Co-operative Bank of Kenya	Kenya Commercial Bank
Upper hill Branch	Biashara Street Branch
P.O. Box 30415-00100	P.O Box 3007,00100
NAIROBI, Kenya	NAIROBI, Kenya

(i) Independent Auditor

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

(j) Principal Legal Adviser

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

**The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024**

3. The Board of Directors



Hon. Jack Ranguma
Non-Executive Chairman

Master of Science M.Sc. in Accounting and Finance, CPA (K)

Hon. Ranguma was appointed as the Chairman of the Board of Directors of the Authority on 10th February 2023. Hon. Ranguma was born on 20th October, 1954. He has a Master of Science degree (M.Sc.) in Accounting and Finance from the University of Illinois Urbana – Champaign.

CPA Ranguma is a Member of the Institute of certified Public Accountants of Kenya (ICPAK) amongst other affiliations such as Institute of Certified Public Secretaries of Kenya (ICPSK) and Kenya Institute of Management (KIM).

Prior to his appointment, Hon. Ranguma has held key leadership positions with over 30 years' experience amongst them being the pioneer Governor of Kisumu County in 2013.

Prior to joining Kisumu County, he was the first Commissioner of Domestic Taxes of the Kenya Revenue Authority where he was extensively involved in tax policy formulation and administrative reform, Public Finance, International and bilateral organizations and general oversight. He was also advisor to Tax Justice International Network on transfer pricing and negative tax policies affecting developing countries.

Previously, Hon. Ranguma was a partner of BDO Binder, an international accounting firm for more than 25 years where he developed extensive networks as an Advisor, Consultant and manager with vast knowledge in Audit, Finance and development, Institutional restructuring, reconstruction, mergers and acquisitions, debt restructuring, receivership management, project management and divestiture planning. He also worked as a Joint Receiver Manager where he revived the Muhoroni Sugar company to successful operations.



Ms. Freda Moraa
Independent Member
LLM, LLB, CPS(K)

Ms. Moraa was appointed as a Board member of the Authority on 23rd June 2023. She was born on 20th March, 1969

She has a Master of Laws Degree (LLM) from University of Cape Town (South Africa), a Diploma in Law from Kenya School of Law and a Bachelor of Law from the University of Nairobi. Ms. Moraa is an Advocate of The High Court of Kenya and has served as a judicial officer in various capacities across the country. She is the Legal Advisor in the office of the Governor, Nyamira County.

Ms. Moraa is currently the Chairperson of the Technical Committee of the Board and is also a member of the Corporate Services Committee.

With this vast experience that spans over 23 years in Law, Justice Administration in the Public and Private Sectors within Legal System, Ms. Moraa brings on board expertise that will be key in execution of the Authority's regulatory mandate. Ms. Moraa is a Member of Institute of Certified Public Secretaries, and Law Society of Kenya.

**The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024**



Mr. Methuselab Rono
Independent Member

Master of Personnel Management (MPM), Industrial Relations and Labour Welfare, Masters in Human Resource Management (MSC) Bachelor of Commerce (B. Com) Finance and Banking

Mr. Rono was appointed as a Board member of the Authority on 16th June 2023. He was born on 1st January 1967. Mr. Rono is a holder of a Master of Personnel Management (MPM), Industrial Relations and Labour Welfare, Bachelor of Commerce (B. Com) Finance and Banking from Poona University (India). He also holds a Masters in Human Resource Management (MSC) from the University of Central England (UK) and is currently undertaking a PhD (Graduate Entrepreneurship) at the University of Birmingham in the United Kingdom.

Mr. Rono also holds a Certificate in Trusteeship from Humber University in Canada and in Corporate Governance from the Kenya Centre of Corporate Governance.

Mr. Rono is an Adjunct lecturer in the Faculty of Commerce at Egerton University. He served as the chairperson of the Local Committee at the Kenya Revenue Authority from 2013 to 2015, a Non-executive Director at Consolidated Bank of Kenya, Chairperson Staff and risk committee of the Board, Managing Trustee of Consolidated Bank Pension Scheme and an International Business Consultant/Trainer with the Platinum Consultants, in Birmingham City.

Mr. Rono is currently the Chairman of the Corporate Services Committee of the Board and is also a member of the Technical Committee.

Mr Rono is a Member of the Institute of Directors (IOD) and a Full Member of the Institute of Human Resource Management (IHRM). Mr Rono brings on board a wealth of Human Resources Management experience which will go a long way to assist the Authority in handling human resources matters.



Mr. Timothy Kihara
Independent Member

Higher National Diploma in Electrical Engineering

Mr. Timothy Kihara was appointed as a Board member of the Authority with effect from 16th June 2023. He was born on 15th April 1969.

Engineer holds a Higher National Diploma in Electrical Engineering from Kenya Polytechnic and has pursued several industry-specific trainings in Leadership, Corporate Governance, people management, Information Technology, Finance and Production.

Mr. Kihara is currently the Chairperson of the Audit, Risk Management and Corporate Governance Committee of the Board and is also a member of the Technical Committee.

He is a seasoned businessman and currently serves as the Chief Executive Officer of a prominent chain of supermarkets in the country. He is the Board Chairman of Kiambu Golf club and has served as a board member of the Kenya Retailers Association.

**The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024**



Ms. Alice Mwololo,

Alternate, PS National Treasury

BA in Economics, Post Graduate Diploma in Development Planning Techniques and Masters in Economics

Ms. Mwololo born on 6th January 1966, was appointed as an alternate to the Principal Secretary of the Treasury on 14th October 2015. She holds a Masters in Economics and BA in Economics from the University of Nairobi and a Post Graduate Diploma in Development Planning Techniques from the Institute of Social Studies in the Netherlands. She is currently pursuing a PhD in Economics at Kenyatta University.

Ms. Mwololo is the Director of Planning, Financial and Sectoral Affairs Department at the National Treasury. She has extensive experience in economic policy analysis, public finance, competition policy, project management and governance. She also has extensive experience in trade policy and regional integration matters, international and bilateral trade negotiations. She has participated in negotiations and conclusion of various bilateral and regional economic and trade agreements.

Ms. Mwololo is currently a member of the Corporate Services Committee and Audit, Risk Management and Corporate Governance Committees of the Board of the Authority.



Mr. Gerald Nyaoma,

Alternate, Governor CBK

BA (first class honors degree in Economics), M. Phil. (Econ), CPA (K) and CPS (K)

Mr. Nyaoma was appointed as an alternate to the Governor of the Central Bank of Kenya on 6th April 2016. He was born on 17th October 1964. He is the Director, Bank Supervision Department at the Central Bank of Kenya (CBK).

He holds a M. Phil.(Econ) degree from the University of Cambridge- UK and BA (first class honors degree in Economics) from University of Nairobi.

He is CPA (K), CPS (K) and an Associate of the Kenya Institute of Bankers (AKIB).

Mr. Nyaoma is currently a member of the Technical Committee and Audit, Risk Management and Corporate Governance Committees of the Board of the Authority.



Mr. David Kirk Obonyo,

Commissioner for Cooperatives

Bachelor of Arts in Sociology and Political Science, Master of Arts in Rural Economics and Co-operation

Mr. David Obonyo was appointed to the Board of the Authority on 17th June 2021. He was born on 4th October 1966. He is the current Commissioner for Cooperatives Development. He holds a Master of Arts in Rural Economics and Co-operation from Bundelkhand University in India and a Bachelor of Arts in Sociology and Political Science from Agra University.

Mr. Obonyo has over 28 years working experience in Co-operative Movement having worked in various positions at the Ministry including being the Ag. Chief Executive Officer/ Secretary at the Ethics Commission for Co-operative Societies Board.

Mr. Obonyo is currently a member of the Corporate Services Committee and Audit, Risk Management and Corporate Governance Committee of the Board of the Authority.

**The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024**



**Mr. Peter Kahunyo Njuguna, EBS
Chief Executive Officer**

BSc in Mathematics, MSc. in Operations Research, and CPA(K), Certified Executive Leadership Coach (CELC).

Mr. Njuguna was appointed as the CEO on 18th August, 2021. He holds a MSc. in Operations Research from the London School of Economics, UK, and a BSc in Mathematics. He is a holder of CPA (K), a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a Certified Executive Leadership Coach (CELC).

He joined SASRA in 2010 and led the Sacco supervision team in formulating and implementing the regulatory, supervisory strategy towards safe and sound SACCO industry in Kenya. Previously, he worked with World Council of Credit Unions (WOCCU) as a financial specialist and project Director, CIC and CBK.



**Mrs. Roselyne Adoyo Ragama
Corporation Secretary/ Director Legal Services**

LLM (Corporate Governance) LLB (Hons) and Post Graduate Diploma in Law, and CPS (K), Certified Executive Leadership Coach (CELC).

Mrs. Roselyne Ragama joined SASRA in 2010 in the legal department and serves as the Corporation Secretary. She set up the department and championed the development and implementation of key governance instruments at the Authority. Roselyne is an advocate of the High Court of Kenya and holds an LLM from University of Nairobi specializing in Corporate Governance, LLB (Hons) and Post Graduate Diploma in Law from Kenya School of Law, CPS (K) and Diploma in Cooperative Management. She is a member of the Institute of Certified Public Secretaries of Kenya, a Certified Executive Leadership Coach (CELC) and a member of the Institute of Directors of Kenya.

**The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024**

4. Key Management Team

Office of the Chief Executive Officer



**CPA, Peter Kahunyo Njuguna, EBS
Chief Executive Officer**

MSc. Operations Research, MSc. Development Finance, BSc. Mathematics, Certified Executive Leadership Coach (CELC)



**CS, Roselyne Adoyo Ragama
Corporation Secretary and
Director, Legal Services**
LLM Corporate Governance, LLB,
Dip. Law, Dip. Cooperative
Management, Certified Executive
Leadership Coach (CELC)



**Peter Onunga Owira
Director, Compliance, Market
Conduct and Regional Coordination**
MBA (Finance), BA (Economics)



**CPA, David Amiani Sandagi
Director Corporate Services**
MBA (Finance), BBM (Finance),
Certified Expert in Financial
Inclusion (CEFI)
Certified Project Manager for
Development Professionals (PMDP)



**CPA, Flora Nyambere
Kimari
Manager, Finance and
Accounts**
MBA (Finance),
BA (Economics and Sociology)



**Boniface Wambua Musumbi
Manager, Human Capital and
Administration**
MBA (Human Resource Management
and Strategic management), BA
(Economics and Geography), CHRM



**Jeremiah Otieno Were
Manager, SACCO
Supervision**
LLM, LLB, Dip. Law

**The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024**



Sophia Mukiri
Manager, SASRA Fraud Investigation Unit
Dip. Police studies, Mgmt Course, GTI



Julius Thairu Muraguri
Manager, Supply Chain Management
MBA, BA (Economics & Sociology),
MCIPS



Anne Wambui Kago
Manager, Market Conduct Supervision
MBA (Corporate Management), BA
(Political Science and Sociology), M- ACAMS, M-
CIPR(UK), M-PRSK



CPA, Dr. David Gitonga Kahuthu
Manager, Licensing and Regulation
PhD (Finance), MBA (Finance), Bcom
(Accounts and Finance), Dip.
Cooperative Management



CPA, Joseph Gogo Osoro
Manager, Compliance
MBM, BSc, AGEC,



CPA, Norah Chemutai Biomndo
Manager, Research, Planning & Strategy
MBA (Strategic Management),
BA(Economics), CFE



Stephen Michubu Lairenge
Manager, ICT
MSC (ICT Policy and Regulation), BSC
(Information Technology)



Yvonne Kinya Gatobu
Manager, Corporate Communication
MA (Diplomacy and International
Relations), BA (Public Relations),
MPSRK



CPA, Anthony Mkabane
Manager, Internal Audit
MBA, Strategic Management, BBM
(Accounting)

***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***



CPA, Sammy Kipruto Korir
Manager, Internal Audit to March 2024
MBA, BBM (Accounting)

5. Chairman's Statement

Introduction

I am pleased to present the Sacco Societies Regulatory Authority (SASRA) Annual Report for the financial year ended 30th June 2024, marking the first year of implementing our 5th Strategic Plan. This report highlights the significant progress made by the Authority in fortifying the stability and resilience of the Sacco industry, even as we navigate economic disruptions. Through a comprehensive regulatory framework and proactive supervision, SASRA has played a pivotal role in maintaining the integrity of the industry, ensuring that it continues to be a cornerstone of financial stability and growth for its members.

Despite global challenges such as fluctuating market conditions, inflationary pressures, and geopolitical uncertainties, the Sacco industry has demonstrated remarkable resilience. This resilience is a testament to the robust governance and financial management practices within the sector, as well as the effectiveness of our regulatory oversight. The achievements of the past year are the result of collective efforts from all stakeholders, including government support, Sacco members, and the broader financial community. As we move forward, SASRA remains committed to its mission of enhancing industry stability, leveraging technology for better oversight, and promoting financial inclusion and member-centric practices.

Key Policy Initiatives During the Year

The year 2023-2024 saw the implementation of several key policy initiatives aimed at strengthening the regulatory framework and enhancing operational efficiencies within the Sacco industry. These initiatives were aligned with the strategic objectives of SASRA's 5th Strategic Plan and were crucial in promoting stability and growth in the sector.

Complaints Management Enhancements

To improve service delivery and member satisfaction, the Authority introduced a comprehensive Complaints Management Guidelines framework. This framework empowers Saccos to address complaints from their members more effectively by providing standardized procedures for handling complaints, ensuring timely and fair resolution.

Anti-Money Laundering (AML) Guidelines

To combat financial crimes and enhance the integrity of the Sacco sector, the Authority implemented Anti-Money Laundering (AML) guidelines. These guidelines provide a robust framework for Saccos to detect, prevent, and report suspicious activities related to money laundering and terrorism financing. The AML guidelines are designed to align with international standards and local regulations, ensuring that Saccos remain compliant while safeguarding the financial system from illicit activities.

***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***

Amalgamation Guidelines

Recognizing the need for consolidation within the Sacco industry to achieve economies of scale and enhance competitiveness, the Authority developed Amalgamation Guidelines. These guidelines provide a clear roadmap for Saccos considering mergers or amalgamations, outlining the necessary steps, regulatory approvals, and legal requirements. The aim is to facilitate smooth transitions while ensuring that the interests of Sacco members are protected throughout the process.

Guidelines for Outsourcing Internal Audit Functions

To improve governance and operational efficiency, the Authority introduced Guidelines for Outsourcing Internal Audit Functions. These guidelines help Saccos that lack the resources or expertise to conduct internal audits in-house by providing a framework for engaging external audit firms. The guidelines ensure that outsourced audits maintain high standards of independence, objectivity, and thoroughness, contributing to better risk management and compliance.

Contribution to GDP

The Regulated SACCO industry's contribution to Kenya's GDP has been quantified, showing a significant input of 6.43% in the period under review. This highlights the sector's crucial role in driving economic growth through savings mobilization, credit provision, and fostering financial inclusion. These contributions are a testament to the sector's importance in supporting national economic objectives and ensuring continued financial stability and development."

As part of its ongoing efforts to highlight the economic impact of the Sacco sector, the Authority focused on quantifying and promoting the sector's contribution to Kenya's Gross Domestic Product (GDP). By strengthening regulatory frameworks and encouraging operational efficiencies, the SACCO industry has continued to play a significant role in national economic development. These initiatives underscore the importance of SACCOs in mobilizing savings, providing credit, and fostering financial inclusion across the country.

Challenges Faced

Despite these successes, we faced several challenges, the economic disruptions caused by both global and domestic factors which had a significant impact on the Sacco industry, particularly affecting borrowers' repayment capabilities. On the global front, fluctuating markets, trade tensions, and geopolitical uncertainties contributed to economic instability, leading to increased inflation and higher interest rates. These conditions made it more difficult for borrowers to service their loans. Domestically, the industry was further challenged by fluctuating commodity prices, reduced consumer spending, and an increased cost of living. These local economic pressures strained the financial health of Sacco members, resulting in higher default rates.

***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***

Future Outlook

As we look ahead, the focus will be on several key areas aimed at further strengthening the Sacco industry and ensuring its resilience in an evolving economic landscape.

Regulatory and Policy Enhancements

The upcoming period will focus on advancing and finalizing critical legislative initiatives vital for the stability and growth of the Sacco industry. Key among these is the SACCO Societies (Amendment) Bill No. 1 of 2018, which, though passed by the National Assembly, is still pending Senate approval. This bill is crucial for establishing stringent criteria for Sacco officers and integrating Saccos into the national Credit Information Sharing framework, aiming to build a skilled workforce and enhance accountability. Another significant initiative is the proposed SACCO Societies (Amendment) Bill 2023, which seeks to create a central technological platform and operationalize the Deposit Guarantee Fund (DGF) to bolster financial stability and public confidence in SACCOs.

In addition to legislative efforts, SASRA is focusing on statutory and policy frameworks designed to strengthen the regulatory environment. This includes the SACCO Societies Levy Order to improve resource mobilization and a review of existing regulations to address emerging issues, enhance member protection, and ensure financial stability. Further discussions are ongoing pertaining mechanisms for recovering assets acquired illegally by Sacco officers and establishing a SACCO Stabilization Facility to improve governance and manage struggling Saccos. These initiatives are essential to creating a more resilient and stable Sacco industry.

Environmental, Social, and Governance (ESG) Considerations

Recognizing the growing importance of ESG factors in the financial services sector, we will focus on developing policies that encourage Saccos to integrate sustainable practices into their operations. This will involve creating guidelines for sustainable lending, promoting investments in green technologies, and ensuring transparent reporting on ESG performance. By fostering social responsibility and good governance, these policies will help Saccos contribute to environmental sustainability while maintaining robust governance standards.

Through these initiatives, we aim to position the Sacco industry as a leader in sustainable finance, ensuring that it remains resilient, responsible, and aligned with the broader goals of economic and social development.

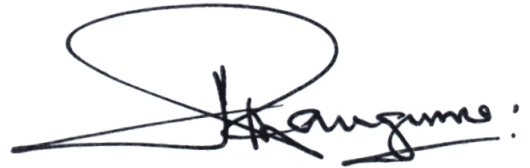
Conclusion

The achievements of this year have been made possible through the collective efforts and unwavering support of our stakeholders. We express our deepest gratitude to the Cabinet Secretary and the Principal Secretary for the State Department of Cooperatives, whose leadership and guidance have been instrumental in advancing our mission. We also extend our sincere thanks to the Board of Directors for their strategic oversight and commitment to governance excellence, as well as to the management team and staff of SASRA, whose dedication

***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***

and professionalism have been key in implementing our initiatives. Additionally, we appreciate the cooperation and adherence to regulatory standards by all Saccos, their management, and members, whose commitment to financial integrity has been central to the industry's success.

As we move forward, our focus remains on enhancing regulatory frameworks, expanding supervisory activities, leveraging technology, and promoting financial inclusion. We are confident that, with the continued support of our stakeholders and the collective efforts of the Sacco community, we will achieve even greater milestones in building a robust, inclusive, and sustainable financial ecosystem. Our vision for the future is one of continued growth, innovation, and enhanced member protection, and we are inspired by the unwavering dedication of everyone involved in this journey.

A handwritten signature in black ink, appearing to read 'Ranguma', with a large, stylized loop at the top and a horizontal line at the bottom.

Hon. Jackton Ranguma,

**Chairman,
Board of Directors**

***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***

6. Report of the Chief Executive Officer

I am pleased to introduce the Authority's Annual Report and Financial Statements for the FY 2023/24 which has been prepared pursuant to Section 20 of the Sacco Societies Act, Cap 480B, Section 81 of the Public Finance Act, 2012 and the revised guidelines issued by PSASB in June 2024. This report elaborates on how the Authority utilized its resources, highlights the activities and achievements over the year, as it marked the first year of implementing its fifth generation *Strategic Plan 2023-2027*.

Licensing and Authorization

The Authority had licensed 176-DT-SACCOs at the beginning of the year to undertake deposit-taking SACCO business. However, in the course of the year, two DT-SACCOs failed to maintain the minimum requirements for licensing, resulting into revocation of their deposit-taking licenses, while two NWDT-SACCOs expanded their business line to include Deposit-Taking Business (FOSA), leaving 176 DT- SACCOs with valid licenses. In addition, the Authority Authorized 181-NWDT-SACCOs comprising one NWDT-SACCO authorized to operate as a digital NWDT SACCO and three NWDT-SACCOs authorized to operate as diaspora-based SACCOs', guided by regulation 5(1) of the SACCO Societies (Non-Deposit taking Business), Regulations, 2020.

It is notable that authorized NWDT-SACCOs are progressively seeking to expand their business lines to include Deposit-taking business (FOSA) as evidenced by the increasing number of NWDTs applying for deposit taking licenses. Out of a total of six (6) NWDT-SACCOs which submitted their applications, two of them met the regulatory threshold and commenced operations in January 2024, while the remaining four (4) are at different stages of processing. The Authority therefore envisages that a majority of the NWDT-SACCOs with large balance sheets shall in the short to medium-term, seek expansion of their businesses to include FOSA, thereby reducing the number of NWDT-SACCOs in the industry, unless new ones are authorized.

Growth and Performance Indicators

The Regulated SACCO industry remained largely stable in its performance and demonstrated resilience against economic disruptions, as evidenced by the growth of key financial parameters. The total Assets increased to Kshs 971.96 billion in 2023 from Kshs 890.30 billion in 2022, representing a slower growth rate of 9.17%, compared to a growth rate of 10.31% recorded in 2022. Total deposits during the year increased to Kshs 682.19 billion from Kshs 620.45 billion recorded in 2022, representing a marginal growth rate of 9.95% compared to a growth rate of 9.84% in 2022. The gross loans disbursed on the other hand grew at a rate of 11.50% to reach Kshs 758.57 billion from Kshs.680.35 billion in the year 2022, representing a marginal decline from a rate of growth of 11.76% in 2022.

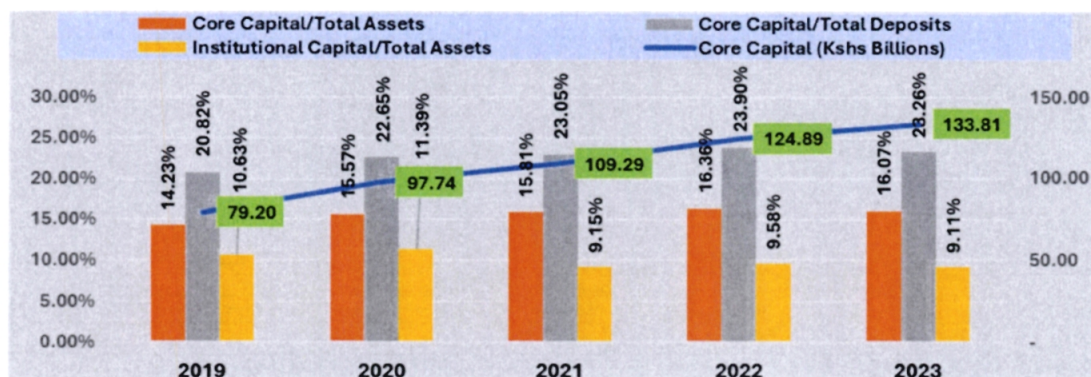
**The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024**

The SACCO Membership increased by 6.67% , representing 6.84 million members in 2023 compared to 6.42 million members reported in 2022, signifying increased public confidence and trust in the SACCO industry, largely driven by the strengthening of the regulatory and supervisory regime, as well as shifting of demand for financial services and products to SACCO.

Financial stability indicators for the Regulated SACCOs

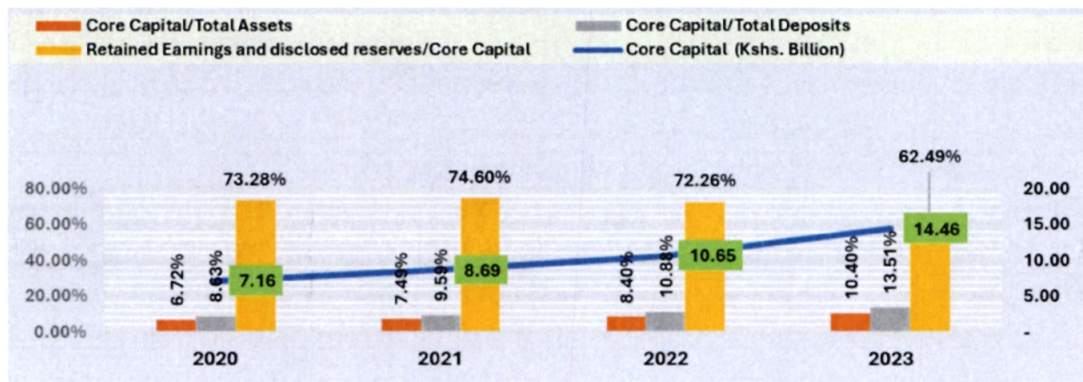
The Authority continued to execute its mandated mission of ensuring the safety and soundness of Regulated SACCOs, as outlined in the *2023-2027 Strategic Plan*, through the risk based supervisory framework. During the period under review, Regulated SACCOs remained well capitalized beyond the prescribed minimum threshold, and in all key stability measurement and indicators of capital adequacy, asset quality and liquidity. The DT-SACCOs’ segment aggregated core capital increased to Kshs 133.81 billion from Kshs 124.89 billion in year 2022, while the aggregated core capital for the NWDT-SACCO segment increased to Kshs 14.46 billion from Kshs 10.65 billion in year 2022.

Although the DT-segment maintained their core capital and related capital adequacy ratios above the prescribed minimum thresholds, there was a marginal drop in the core capital to total assets ratio from 16.36% in 2022 to 16.07% in 2023; and in the institutional capital from 9.58% in 2022 to 9.11% in 2023. The drop signifies that DT-SACCOs grew their total assets and deposits at faster rates than the rate at which they grew their core capital. This trend is illustrated in the figure below:



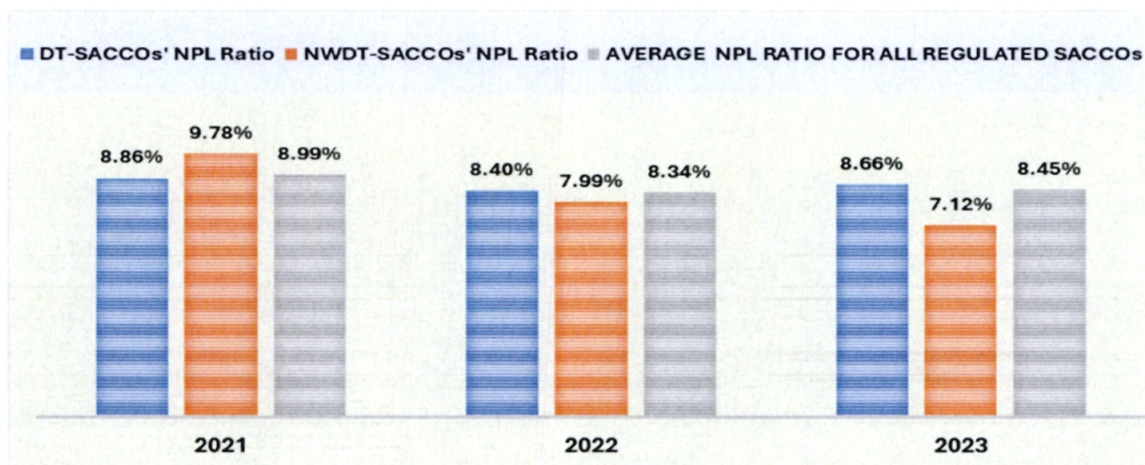
The NWDT-SACCOs on the other hand also recorded significant improvement in their respective capital adequacy ratios. Core capital to total assets ratio stood at 10.40% above the prescribed minimum ratio of 8%, while the core capital to total deposits stood at 13.51% against the minimum prescribed ratio of 5%. The retained earnings and disclosed reserves to core capital which measures the level of retention of surpluses equally capital dropped from a high of 72.26% in 2022 to 62.49% in 2023, but still well above the prescribed statutory minimum ratio of 50%. This trend is also illustrated in the figure below:

The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024



Quality of the loan Asset

The Loan asset being one of the key performance indicators and an important asset of Regulated SACCOs constituted over 72% of the Regulated SACCOs total asset base. The aggregate non-performing loans (NPL) ratio for the Regulated SACCOs which is made up of loans categorized under the substandard, doubtful and loss cluster deteriorated from 8.34% reported in 2022 to 8.45% in 2023 above the industry best practice of five (5) percent and below. The NPL deterioration was largely contributed by the DT-SACCO segment whose NPL ratio increased from 8.40% in 2022 to 8.66% in 2023, compared to the NWDT-SACCOs segment whose NPL ratio improved from 7.99% in 2022 to 7.12% in 2023. This was largely attributed to the opening of the common bonds by DT-SACCOs thus decreasing their reliance on employers-based loan recovery models.



***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***

Financial Performance of the Authority

The Authority derives its revenue from levies, license fees and occasionally donations from development partners. During the review period, the Authority funded its activities solely through internally generated funds, mainly from levies and license fees from regulated Saccos. Levies constituted the largest portion of revenue, accounting for 95% of the total revenue, while license fees contributed 5%.

Internally generated revenue has been on the rise due to growth in deposits of the regulated Saccos, which forms the basis for levy charges. In the year under review, the revenue rose to Kshs 665Million from 614M marking an 8.3% increase. This rise is comparable to the percentage increase of 9.95% in total deposits of the Regulated SACCOs over the same period. On the expenditure front, total expenditure increased by 7.74%. The largest portion of the expenses was dedicated to implementation of Authority's core mandate, which includes regulation and supervision of the Regulated SACCOs.

Total current assets increased by 11.5% to Kshs 466 million in FY 2023/24 from Kshs 418 million in FY 2022/23. This growth was driven by higher levy collections during the year under review compared to the previous financial year. However, there was a net decrease in property, plant and equipment from Kshs 171 million to Kshs 104 million due to depreciation without equivalent fixed assets additions.

The Future Strategic Priorities

Guided by the fifth generation Strategic Plan 2023-27 key strategic pillars of financial stability, inclusion and member protection; the promotion and development of the SACCO industry; and enhancing organizational capability, the Authority with the support of the Board, has planned activities in line with the Bottom-up Economic Transformation Agenda (BETA). These activities are designed to positively impact the market, ensuring the industry's safety, soundness, and stability. Below are some key activities we intend to implement in the coming year.

Implementation of prudential supervision

The Authority shall continue to monitor and assess key performance and stability indicators using the risk-based supervision approach which provides early warning indicators for necessary corrective actions. By channeling its resources to high-risk areas through conducting comprehensive offsite and onsite inspections, thorough investigations and undertaking proportionate and decisive supervisory enforcement actions, we aim to ensure a stable and resilient SACCO industry. Additionally, we shall strengthen our risk-based supervision framework to incorporate Anti-Money Laundering/ Combating Financing of Terrorism/ Proliferation Financing (AML/CFT/CPF) to enhance the Authority's supervisory role and ensure a comprehensive oversight and protection against financial crimes.

***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***

Automation of the Supervisory and Regulatory Processes and Systems

The automation of supervisory and regulatory processes and systems is a key initiative aimed at enhancing the efficiency, accuracy, and effectiveness of our oversight functions. During the period, the Authority restarted the project of digitizing its supervisory processes and contracted a vendor to design and implement the Risk Based Supervision System (RBSS). This system will not only expedite compliance but also facilitate efficient and precise monitoring of Regulated SACCO activities and generate real time indicators of risk, thereby bolstering the industry's overall stability and integrity.

Market Conduct and Consumer Protection

The Authority is steadfast in its commitment to promoting financial inclusion and member-centric practices within the SACCO industry. Future initiatives will focus on encouraging Regulated SACCOs to adopt innovative financial products and services that cater for the diverse needs of their members, enhancing consumer protection measures, and supporting financial inclusion initiatives targeting underserved and marginalized communities.

Collaborations and Engagements

Through collaborations and engagements, the Authority highlights its commitment to deepening stakeholder engagement, fostering dialogue, and enhancing policymaking. Through this, we aim to strengthen trust and confidence in the SACCO industry and foster a wider understanding of the role of the key stakeholders and the Authority. The Authority shall continue to broaden and deepen its stakeholder engagement approach, through initiatives including the Annual Regulatory Round Table, Joint Financial Sector Regulator Forums and other outreach events.

Policy initiatives

In our ongoing commitment to fostering a robust and resilient SACCO industry, the Authority will continue to expand its knowledge base, keep abreast with current market and regulatory changes, and implement policies to strengthen regulatory frameworks, enhance financial inclusion, and promote sustainable development within the SACCO industry. These initiatives shall include:

a) Operationalization of the shared services and DGF

The operationalization of shared services and the Deposit Guarantee Fund (DGF) is a strategic initiative aimed at enhancing the efficiency and security of Regulated SACCO operations. The shared services seek to optimize resource utilization, reduce costs, and improve service delivery across the industry. The DGF, on the other hand, will provide a safety net for members' deposits, boosting confidence and stability within the SACCO industry. The legal framework for the establishment of the shared services together with amendments of the DGF have since been submitted to the Ministry for Transmission to the Cabinet for consideration and approval.

***The Sacco Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024***

To this end, the Authority will continue providing secretarial and office space support towards the operationalization of the SACCO shared technological services and follow-up with the amendments of the DGF to strengthen the existing framework, making it more robust and responsive to the evolving needs of the SACCO industry.

b) Establishment of Stabilization fund and Asset recovery framework

Based on the findings and recommendations from the onsite inspections conducted, it is imperative to establish an asset recovery framework for the SACCO industry, that enables the Authority to identify, trace, investigate, seize, recover, and return embezzled funds to the affected SACCOs. Additionally, the Authority shall pursue the establishment of a stabilization fund to provide support to SACCOs under distress to help them restore and maintain their reserve requirements.

Appreciation

On behalf of the management team, the Authority expresses its gratitude to the Cabinet Secretary Ministry of Cooperative & Micro, Small & Medium Enterprises (MSMEs) Development and the Principal Secretary for State Department of Cooperatives for their ongoing policy guidance, which has been crucial in fulfilling the Authority's priorities and targets during the year. I am also deeply grateful to the Board of Directors for establishing the vision and mission necessary to accomplish the Authority's mandate and for their continuous support and oversight.

I would like to give special acknowledgment to the Management and Staff of the Authority for their indispensable support in achieving our goals. The steadfast support and collaboration from industry leaders National Co-operatives (NACOs), staff and leadership of the regulated SACCO in FY 2023/24 also deserve recognition, as the Authority anticipates a successful year in FY 2024/25.



**CPA, Peter Njuguna, EBS
Chief Executive Officer**

7. Statement of Performance against Predetermined Objectives for FY 2023-24

The Authority for the past thirteen (13) years has been guided by the Strategic Plan, which provides a roadmap and defines the means and approaches that will be utilized to realize its mandate as outlined in the Act. The FY 2023-24 marked the first year of implementation of the Authority's fifth generation five year strategic for the period 2023-2027. Through this Strategy, the Authority is building new capabilities and evolving the work environment to fulfil its vision and mission, both now and over the medium term, anchored on three (3) key thematic areas as follows:



The Authority's annual workplan is derived from the three (3) key thematic areas, the performance contract and other government directives as issued from time to time. The Authority achieved its performance targets for the FY 2023/24 period as tabulated in table 2.

TABLE 2 PERFORMANCE TARGETS AND ACHIEVEMENTS FOR FY 2023/24

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
1. Financial Stability, Inclusion and member protection	To ensure all Regulated SACCOs are fully compliant with the prescribed laws and standards	All Regulated SACCOs fully compliant with the prescribed laws and standards	<ul style="list-style-type: none"> i. No of Saccos fully compliant with prudential requirements ii. Enhanced supervisory and regulatory system iii. Level of implementation of RBSS 	<ul style="list-style-type: none"> i. Evaluate applications for licensing and authorization ii. Assess compliance of Regulated SACCOs iii. Initiate criminal investigations on identified/suspected criminal violations in the SACCO industry. iv. Develop and implement AML/CFT Guideline for the SACCO industry v. Mainstream Anti Money Laundering and Counter Financing of Terrorism Supervision in onsite Inspection processes vi. Review enforcement manual vii. Develop internal staff capacity in specialized areas to address emerging risks. viii. Automate the RBSS Framework. ix. Continuous engagement of SACCO leadership on compliance provisions. x. Collaborate with standard setting bodies and other partners 	<ul style="list-style-type: none"> i. Issued licenses to 176 DT-SACCOs and authorized 181-NWDT-SACCOs to undertake SACCO Business. ii. Core capital for DT-SACCOs stood at 160.23 billion and NWDT-SACCOs core capital stood at 15.9 billion above the minimum prudential standard of 10 million and 5 million and above respectively. iii. Onsite- risk based inspections undertaken for 55 Regulated SACCOs. iv. Regulatory returns were analyzed during the year and performance and compliance reports issued to Regulated SACCOs. v. Initiated and undertook criminal cases against criminal activities in SACCOs where there are 12 cases under active investigations vi. AML/CFT guideline for the Sacco industry was developed and issued to the SACCO industry. vii. Specialized skills on AML/CFT were developed through training of twenty-three (23) staff members.

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
				<ul style="list-style-type: none"> xi. Undertake Intelligence xii. Undertake supervisory review and planning 	<ul style="list-style-type: none"> viii. Enforcement manual was reviewed and issued for implementation. ix. Vendor was contracted for the design and implementation of RBSS system. x. Participated in ICURN activities and programs during the period. xi. Continued collaboration with state actors and other entities as well as establishment of two new collaborations with FRC and FSD. xii. Collaborated with ICPAK to develop guidelines on outsourcing of Internal auditors by Regulated SACCOs. xiii. Template on complaint reporting for SACCOs was developed and automated xiv. Annual Supervisory retreat was undertaken xv. Undertook market intelligence of the SACCO industry.
	To regulate and enforce good governance practices in SACCOs	To ensure regulated SACCOs have good governance practices	<ul style="list-style-type: none"> i. No of Approved Audited financial statements ii. Implementation of M rating for Regulated Saccos iii. Reduction in the number of 	<ul style="list-style-type: none"> i. Review and implement the governance guideline ii. Automate the criteria for measuring Management (M) in the CAMEL risk rating model iii. Develop and implement a training program for SACCO board 	<ul style="list-style-type: none"> i. Governance Guidelines reviewed and implemented in the period. ii. Carried out six capacity building programs on the corporate governances and best practices

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
			restricted/revoked licenses	<ul style="list-style-type: none"> iv. Collaborate with SACCO industry players and other stakeholders on governance issues. v. Conduct clinics for SACCO members, MSMEs and general public. vi. Develop Guidelines for outsourcing Internal Auditors vii. Conduct Regulatory Round Table forums viii. Monitor compliance with guidelines on appointment of external auditors ix. Mainstream National values and principles of good governance in the Authority's' supervisory practices. 	<ul style="list-style-type: none"> iii. Draft guideline on outsourcing of internal auditors was developed within the period. iv. 357 SACCO Audited accounts reviewed and considered for approval to improve accountability and transparency in annual financial reporting v. Conducted five (5) clinics for SACCO members and the general public to create awareness and address member issues. vi. Conducted regulatory roundtable forums attended by; 335 Board Chairmen and Chief Executive Officers drawn from 167 DT-SACCOs and 157 Supervisory Committee members drawn from 147-DT-SACCOs. vii. Issued list of approved external auditors for SACCOs and ensured SACCOs compliance during appointment. viii. Trained Seventeen (17) members of the Committee of National Cohesion and National Values. ix. Prepared the annual presidential report on national

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
					Values and Principles of Governance outlines the measures and progress achieved in the realisation of the values and principles.
	To promote inclusion and safeguard member interests	Enhanced financial inclusivity, member interests protected	<ul style="list-style-type: none"> i. Reduction in member complaints received from Sacco members ii. Changes in Sacco membership iii. Changes in service delivery channels iv. Increase in deposits held by Regulated Saccos v. No of sensitization/clinics targeting Sacco members/public vi. Increase in credit portfolio of Regulated Saccos 	<ul style="list-style-type: none"> i. Develop market conduct guidelines/circulars ii. Collate and analyse data on market conduct and consumer protection trends iii. Prepare and submit quarterly reports on member complaints to the CAJ(ombudsman). iv. Review and implement complaints management framework and infrastructure. v. Undertake sensitization on financial literacy. vi. Collaborate with stakeholders involved in financial literacy. vii. Domesticate and promote national SACCO week. viii. Undertake corrective actions on non-compliance 	<ul style="list-style-type: none"> i. A circular on Complaints handling was issued to Regulated SACCOs. ii. Collated and analysed data on consumer protection trends to inform policy changes. iii. Reports on member complaints received were submitted to the CAJ(Ombudsman). iv. Model complaints management policy for Regulated Saccos has been developed. v. Market conduct inspection tool developed and implemented. vi. online the complaints handling system was developed and rolled out. vii. Collaborated with Kenya National Human Rights Commission through the Complaints Referral network and conducted two clinics in Embu and Kirinyaga respectively. viii. Issued Five (5) supervisory enforcement and administrative directives eliminating imprudent

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
					financial practices which threaten the safety of members funds. ix. Revoked two (2) DT-SACCOs from operating SACCO business in Kenya.
2. Promotion & Development of the Sacco Industry	To strengthen research, policy and legal framework	Strong research policy and legal framework	<ul style="list-style-type: none"> i. No of policy changes informed by research findings ii. No of policy proposals to the GOK on Sacco Industry iii. Annual SACCO supervision report iv. Financial Sector Stability Report (FSSR) 	<ul style="list-style-type: none"> i. Collaborate with stakeholders involved in policy formulation ii. Publish and disseminate SACCO law case digest iii. Prepare and disseminate Sacco Supervision Report in accordance with Section 22 of the SSA iv. Prepare and contribute to the Financial Stability Report. v. Prepare and publish quarterly Sacco financial soundness and sectoral financing report. vi. Operationalize Sacco Central and CLF vii. Review and follow up amendments on the legal framework for the DGF viii. Develop a framework for approval of digital finance products and SACCO agencies. 	<ul style="list-style-type: none"> i. The Authority continues to collaborate with relevant Authorities/ institutions in policy formulation. ii. Sacco case digest edition was developed and exposed to the Kenya Law for editorial review. iii. The Annual supervision report for 2022 was developed and disseminated. iv. The Authority participated in the preparation of financial stability reports. v. 167-DT-SACCOs sensitised on environmental, social and governance (ESG). vi. Cabinet memo for DGF and CLF developed. vii. Developed a draft framework for approval of digital finance products and SACCO agencies. viii. Draft report on efficacy of capital adequacy requirements for Deposit taking SACCOs developed.

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
				<ul style="list-style-type: none"> ix. Assess the efficacy of capital adequacy requirements for Deposit taking SACCOs x. Develop market consolidation framework xi. Collaborate with stakeholders involved in legislative process. xii. Capacity build Staff and sensitize SACCOs on green finance and blue economy 	<ul style="list-style-type: none"> ix. Developed and subjected to stakeholder comments a draft Guideline on Mergers and Amalgamation to guide market consolidation framework
	To deepen strategic partnerships and collaborations	Partnerships and collaborations deepened	No of collaborations established/Maintained	<ul style="list-style-type: none"> i. Establish new collaborations ii. Maintain existing collaborations. 	<ul style="list-style-type: none"> i. Established two (2) new collaborations with FSD and FRC ii. Continued to maintain existing collaborations
3. Organizational Capability	To attract, develop and retain competent staff	Competent staff	<ul style="list-style-type: none"> i. Levels of productivity ii. New innovations iii. Changes in staffing levels 	<ul style="list-style-type: none"> iv. Review Organizational Structure v. Review and implement staffing plan vi. Conduct Training Needs Assessment (TNA) vii. Develop and implement training plan viii. Develop, review and implement human resource instruments 	<ul style="list-style-type: none"> i. Organizational structure was reviewed ii. The HR instruments were reviewed and implemented iii. Training plan developed and Staff were trained on different thematic areas. iv. 16 new staff were employed. v. Productivity mainstreaming policy was developed.
	To increase Authority's revenue and prudently	Increased revenue	<ul style="list-style-type: none"> i. Increased revenue ii. Percentage Change in budget performance 	<ul style="list-style-type: none"> iv. Follow up on approval of NWDT-SACCO Levy Order 2023 	<ul style="list-style-type: none"> i. Engaged parliament on the NWDT-SACCO Levy Order 2023 pending approval. ii. Total revenue increased by 8.4%

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
	manage resources	Resources managed prudently	iii. Percentage reduction in cost of key consumables, fleet and utilities	<ul style="list-style-type: none"> v. Enforce compliance on levies and fees for Regulated SACCOs vi. Engage Government Agencies and strategic partners for additional funding vii. Sustain program-based budgets viii. Maintain and update corporate assets register 	<ul style="list-style-type: none"> iii. Compliance on levies was enforced iv. Program based budgets continuously implemented by the Authority v. The asset register is maintained and up to date.
	To strengthen internal control systems and processes for efficient service delivery	Effective internal systems and processes	<ul style="list-style-type: none"> i. No of staff trained on BPR ii. No of processes re-engineered iii. ICT capability assessment report iv. Customer satisfaction survey report v. Reviewed service charter 	<ul style="list-style-type: none"> i. Build staff capacity on BPR ii. Re-engineer identified business processes iii. Undertake an ICT capability assessment iv. Undertake Customer satisfaction survey v. Review and implement service charter vi. Implement employee assistance programs vii. Undertake staff performance retreat viii. Review and implement internal control system ix. Monitor customer experience 	<ul style="list-style-type: none"> i. Supervision processes were re-engineered ii. ICYT Capability assessment was undertaken. iii. The service charter was reviewed and implemented iv. Employee assistance programs were continuously implemented v. Staff performance review retreat was undertaken. vi. Internal control systems for identified process were reviewed as per the internal audit plan. vii. The Authority continuously monitors customer experience.

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
	To strengthen good corporate governance practices	Capacity development	<ul style="list-style-type: none"> i. Number of governance audit reports ii. Change in Board performance rating iii. Level of compliance with national values and principles of good governance iv. Level of compliance with IPPF standards 	<ul style="list-style-type: none"> i. Review and implement Board governance instruments ii. Board performance Evaluation iii. Review internal audit instruments iv. Develop, implement and review communication strategy v. Review and implement the ERM policy vi. Develop and implement dispute resolution framework 	<ul style="list-style-type: none"> i. Board charter and governance instruments reviewed ii. Undertook annual Board performance evaluation facilitated by SCAC iii. Internal audit charter reviewed iv. The communication policy was reviewed and disseminated for implementation. v. Conducted communication and brand audit survey vi. Undertook governance and legal audit. vii. The corporate risk register reviewed and updated. viii. Draft dispute resolution policy developed.

The above items have been captured in the Authority's Performance Contract under specific categories such as, Corporate Governance, Ease of Doing business, financial stability, financial access and facilitating expansion in outreach and delivery channels.

8. Corporate Governance Statement

The Authority is committed to ensuring compliance with the principles of corporate governance as enshrined in the Constitution of Kenya 2010, the State Corporations Act, Cap 446, the Sacco Societies Act, Cap 490B and the Mwangongo Code of Conduct. The Board of Directors responsible for the governance of the Authority, conducts its operations in adherence to the principles of Corporate Governance such as transparency, accountability, risk management, internal controls, ethical leadership and good corporate citizenship.

The Authority continuously assesses its governance operating model to ensure that robust internal governing systems and practices are in place to support the Board and Management in delivering on its mandate.

Board Charter

Our Board Charter is a policy document that clearly defines the composition of the Board, respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) in setting the strategic direction of the Authority. This ensures effectiveness of each Director's contribution in the governance of the Authority by facilitating independent judgement, decision making and professional competencies. The Board of Directors commitment is derived through signing an undertaking to comply with the Board charter in execution of its mandate. During the financial year, the Board reviewed its Board Charter to align it with the Authority's 2023-2027 Strategic Plan and emerging governance trends.

Roles And Functions of The Board

The roles and functions of the Board are stated in the Sacco Societies Act and the Board Charter as follows:

- a) Determining the Authority's mission, vision, purpose and core values;
- b) Setting and overseeing the overall strategy and approving significant policies of the Authority;
- c) Ensuring that the strategy of the Authority is aligned with the purpose of the Authority and the legitimate interests and expectations of its stakeholders;
- d) Ensuring that the strategy of the Authority is aligned to the long-term goals of the Authority on sustainability;
- e) Reviewing, monitoring and ensuring that the Authority is effectively and consistently delivering on its mandate;
- f) Reviewing periodically the Authority's strategic objectives and policies relating to sustainability and social responsibility;
- g) Reviewing, evaluating and approving the Authority's budget and financial forecast;
- h) Monitoring the Authority's performance and ensuring sustainability;
- i) Reviewing, evaluating and approving major resource allocations and capital investment;

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

- j) Ensuring availability of adequate resources for the achievement of the Authority's objectives;
- k) Ensuring that the procurement process is cost-effective and delivers value for money;
- l) Ensuring effective, accurate, timely and transparent disclosure to stakeholders of pertinent information on the organization's operations and performance;
- m) Hiring the Chief Executive Officer on such terms and conditions of service as may be approved and approving the appointment of senior management staff;
- n) Ensuring effective communication with stakeholders;
- o) Adopting, implementing and monitoring compliance with the Authority's Board Charter and Code of Conduct and Ethics and related policies;
- p) Reviewing, evaluating and approving the overall organizational structure;
- q) Reviewing, evaluating and approving the remuneration structure of the Authority;
- r) Reviewing on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- s) Enhancing the Authority's public image;
- t) Monitoring compliance with the Constitution, all applicable laws, regulations and standards;
- u) Developing a succession plan for itself and the Chief Executive Officer;
- v) Ensuring adequate systems and processes of accountability, risk management and internal controls are implemented;
- w) Determining the appropriate committee structure, reviewing the same periodically and determining the Terms of Reference for Board committees; and
- x) Making appointments and changes in the composition and leadership of such Committees.

Board Meetings

The Board conducts its meetings in accordance with the Sacco Societies Act and as guided by code of governance for state corporations "Mwongozo", circulars issued by the National Government from time to time and its charter. The Board operates under a work plan (almanac) approved by the Board before commencement of every financial year to ensure that adequate notice, agenda and Board papers are circulated within the stipulated timelines. The Board meets quarterly or additionally when necessary to consider matters relating to the overall control of the business. Cumulatively eight (8) Full Board meetings were held, out of which three (3) were Special Full Board Meetings.

The SASRA Full Board held 8 Full Board meetings attended as follows:-

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

TABLE 3: SCHEDULE OF FULL BOARD MEETINGS

NO	NAME	ATTENDANCE
1.	Hon. Jackton Ranguma	8
2.	Mr. Methuselah Rono	8
3.	Ms. Freda Moraa	8
4.	Mr. Timothy Kihara	6
5.	Ms. Alice Mwololo	6
6.	Mr. Gerald Nyaoma	7
7.	Mr. David Obonyo	5

Board Committees

To ensure efficiency and effectiveness in executing its mandate of providing strategic direction, the Board pursuant to Section 8 of the Sacco Societies Act established Committees to perform delegated responsibilities that require detailed consideration. The Committees are constituted based on Board Members individual professional skills and experience and are chaired by independent directors. In the fiscal year under review the Board reviewed the Committee Terms for Reference for all Committees to align them with emerging trends and best governance practices and reconstituted its membership to include the newly appointed Board Members.

1. Technical Committee

The Technical Committee is responsible for considering technical and policy matters focused on the core mandate of the Authority. It's charged with the responsibility of ensuring there are appropriate policies and procedures to support operational activities and supervision by the Authority of its Regulated entities in line with the Authority's long-term strategy and to ensure that the Authority keeps abreast with best practices in the regulation of the SACCO industry.

Members of the Technical Committee

- a) Ms. Freda Moraa – Chairperson
- b) Mr. Methuselah Rono
- c) Mr. Timothy Kihara
- d) Mr. Gerald Nyaoma

Attendance

In executing its mandate, the Technical Committee held three (3) meetings attended as follows:-

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

TABLE 4 TECHNICAL COMMITTEE MEETINGS ATTENDANCE

NO	NAME	ATTENDANCE
1.	Ms. Freda Moraa	3
2.	Mr. Methuselah Rono	3
3.	Mr. Timothy Kihara	3
4.	Mr. Gerald Nyaoma	3

2. Corporate Services Committee

The Corporate Services Committee assists the Board in the fulfilment of its mandate through consideration and recommendations to the Board all matters relating to organizational capabilities to deliver on its core mandate. The Committee ensures organizational sustainability in all aspects and introduces robust monitoring mechanisms for procurement, financial management, and ICT projects to mitigate risks and ensure timely intervention in case of deviations from planned objectives.

Members of the Corporate Services Committee

- a) Mr. Methuselah Rono – Chairman
- b) Ms. Freda Moraa
- c) Ms. Alice Mwololo
- d) Mr. David Obonyo

Attendance

In executing its mandate, the Corporate Services Committee held five (5) meetings out of which two (2) were Special Meetings attended as follows:-

TABLE 5: CORPORATE SERVICES COMMITTEE MEETINGS ATTENDANCE

NO	NAME	ATTENDANCE
1.	Mr. Methuselah Rono	5
2.	Ms. Freda Moraa	5
3.	Ms. Alice Mwololo	5
4.	Mr. David Obonyo	1

3. Audit, Risk Management and Corporate Governance Committee

The Audit, Risk Management and Corporate Governance Committee assist the Board in fulfilling its oversight responsibilities with regard to the audit and risk and corporate governance functions of the Authority. Overall scope of the Committee is to provide oversight of the financial reporting process, the institutions system of internal controls and compliance with laws and regulations.

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Members of the Audit, Risk Management and Corporate Governance Committee

- a) Mr. Timothy Kihara – Chairman
- b) Mr. David Obonyo
- c) Ms. Alice Mwololo
- d) Mr. Gerald Nyaoma

Attendance

In executing its mandate, the Audit, Risk Management and Corporate Governance Committee held three (3) meetings attended as follows:-

TABLE 6: AUDIT, RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE MEETINGS

NO	NAME	ATTENDANCE
1.	Mr. Timothy Kihara	3
2.	Mr. Gerald Nyaoma	3
3.	Ms. Alice Mwololo	3
4.	Mr. David Obonyo	2

Board Appointment and Tenure

a) Appointment of Board Members

The Board of the Authority are appointed by Gazette Notice pursuant to Section 6 of the Sacco Societies Act No.14 of 2008. The Cabinet Secretary appoints the Chairman and the three (3) independent Board members. In addition, the Board is comprised of three institutional representatives one each from the Central Bank of Kenya, The National Treasury and the Commissioner of Cooperatives. The skills mix is observed to enhance diversity within the Board. During the fiscal year under review, there were no newly appointed members.

b) Tenure of Board Members

The Board members hold office for a term of three years and are eligible for re-appointment for one more term.

c) Removal of Board Members

The Sacco Societies Act provides for the removal process and circumstances under which a board member may be removed from office. These include:

- i) if member accepts any office the holding of which, if he were not a member of the Board, would make him ineligible for appointment to the office of a member of the Board;
- ii) fails to discharge the functions of his office whether arising from infirmity of body or mind or any other cause;
- iii) conducts himself in a manner not befitting a member of the Board;
- iv) becomes subject to any disqualification as they are prohibited from being a director or

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

to take part in the management of a cooperative or financial institution by the Commissioner under the Co-operative Societies Act.

- v) a member of the Board may also on his/her own accord resign from office by giving a fourteen days' notice to the Cabinet Secretary with a copy to the Chairman.

Board Retreats

The Board during the period under review held one retreat to consider strategic and policy papers. The Board Retreats generally provide the Board with an opportunity to interact with critical documents which would hitherto not be conclusively dealt with in a Board meeting setup and forms part of internal stakeholders' engagement processes. This process has been practiced for over six years now and enhances efficiency at Board meetings. The Board during the retreats considered the following Strategic and Policy Papers:

- a) Proposed 2024/2025 Budget
- b) Productivity Framework
- c) Revised Internal Audit Charter
- d) Revised Organizational Structure
- e) Revised Staff Establishment
- f) Revised Grading Structure

Board Capacity Development

a) Board Induction

Upon appointment to the Board, the Directors are provided with a comprehensively tailored induction programme covering the Authority's operations and regulatory framework. During the year under review, the Authority developed a comprehensive Board Induction Procedures Manual. The Manual ensures that all newly appointed members participate in a rigorous induction programme. The induction process includes meetings with other board members, Management and all staff. It involves being taken through the mandate of the Authority, their responsibilities as Board members, status of the institution, general principles of governance and Board practices. During the year under review, there were no new appointments. However, due to the appointment of new Board Members towards the end of the previous financial year, the Authority carried out an Internal Board Induction Programme for the three (3) new Board Members on 14th and 15th September 2023. Further, the Board new Board Members attended an induction workshop facilitated by the State Corporation Advisory Committee (SCAC) from 12th – 14th July 2023.

b) Board Development

The Board Members are appointed to the Board based on the skills they hold and are expected to build capacity on the skills required to effectively and efficiently carry out their mandate. Annual Board development program is therefore prepared and implemented each year to ensure the Board is kept up to date with emerging industry and governance trends both locally

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

and internationally. The Board attended the following trainings and workshops during 2023/2024 financial year which enhanced their knowledge in the industry and governance trends:

TABLE 7: BOARD TRAININGS AND WORKSHOPS

No.	Name Of Training	Training Institution	Dates	Attendees
1.	Induction Workshop for Board Members of State Corporations	The State Corporation Advisory Committee (SCAC) and Institute of Certified Secretaries	12 th – 14 th July, 2023	Ms. Freda Moraa Mr. Methuselah Rono Mr. Timothy Kihara
2.	International Credit Union Regulators' Network Conference, 2023	International Credit Union Regulators' Network	17 th – 19 th July, 2023	Hon. Jackton Ranguma
3.	World Credit Union Conference, 2023	World Council of Credit Unions	23 rd – 26 th July, 2023	Hon Jackton Ranguma Mr. Gerald Nyaoma Ms. Alice Mwololo
4.	Capacity Building for Board Chairpersons	Institute of Certified Secretaries (ICS)	4 th – 8 th September, 2023	Hon. Jackton Ranguma
5.	Capacity building on Certified Human Resource Auditor	Academy of Certified Human Resource Professionals	27 th November to 1 st December 2023	Mr. Methuselah Rono
6.	Capacity building on strengthening financial sector crisis management and resolution framework for financial sector Regulators in Kenya	Macro-Economic and Financial Management Institute of Eastern and Southern Africa	6 th to 8 th March 2024,	Hon Jackton Ranguma Ms. Freda Moraa Mr. Methuselah Rono Mr. Timothy Kihara Mr. Gerald Nyaoma Ms. Alice Mwololo Mr. David Obonyo
7.	Board Master class	ICPAK	15 th to 19 th April 2024	Ms. Freda Moraa Mr. Methuselah Rono Ms. Alice Mwololo
8.	Corporate Governance Mastery Certification	The Centre for Corporate Governance	27 th to 31 st May 2024	Mr. Gerald Nyaoma
9.	Capacity building on effective Corporate Oversight: New Boards, Audits and risk Committees	the Institute of Internal Auditors	10 th to 14 th June 2024	Mr. Timothy Kihara

Board Performance Evaluation

The Board Performance Evaluation is conducted annually to assess the performance of the Board. It assesses effectiveness on the oversight role of the Board, execution of its duties and performance as outlined but not limited to the Board Charter. The State Corporations Advisory Committee (SCAC) facilitates an objective performance evaluation of the Board every year. The Board reviews its performance and that of the Chairperson, individual directors, the

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Corporation Secretary and the Manager Internal Audit every year in compliance with the Mwongozo Code of Governance. The 2023/2024 Board Performance Evaluation was carried out on 26th July, 2024 and was virtually facilitated by State Corporations Advisory Committee (SCAC). The table below shows the results of the 2023/2024 Board performance evaluation as conducted by the State Corporations Advisory Committee (SCAC):

Conflict of Interest

The Board is bound by good corporate governance practices and are obligated to fully disclose any real or potential conflict of interest whether direct or indirect. The Board maintains a conflict-of-interest register which is available at every Board meeting for declaration of any interest on the agenda items of the meeting. The Board members further declare existence of any interests at the time of appointment and commit not to be in a position where personal interest conflict with those of official duty of the Authority. The Board has also put in place a Conflict-of-Interest Policy which was reviewed during the fiscal year under review. No interests were declared or reported during the 2023/2024 financial year.

Remuneration of Board Members

The Board of the Authority is remunerated in accordance with the Guidelines on Terms and Conditions of Service for State Corporations' CEOs, Chairmen, Board Members, Management and Unionisable Staff issued on 23rd November 2004 and further guidance issued vide circular Ref. No. OP/CAB.17/34A by the Chief of Staff and Head of Public Service on payment of allowance to Chairmen and Board Members of State Corporations. The regular allowances for the Board are as follows:

TABLE 8 REMUNERATION RATES OF THE BOARD MEMBERS

No.	Allowance	Chairman	Board Members
1.	Honoraria	Kshs. 80,000 per month	n/a
2.	Sitting Allowance	Kshs. 20,000 per meeting	Kshs. 20,000 per meeting
3.	Lunch Allowance	Kshs. 2,000 per meeting day	Kshs. 2,000 per meeting day
4.	Airtime (Mobile)	Kshs. 5,000 per month	n/a
6.	Accommodation	Kshs. 18,200 per Night out	Kshs. 18,200 per Night out
7.	Transport	Paid at the current prevailing Automobile Association (AA) of Kenya rates	Paid at the current prevailing Automobile Association (AA) of Kenya rates
8.	GPA	Covered under the Authority's GPA Cover	Covered under the Authority's GPA Cover
9	Medical	Inpatient Kshs: 2 million Outpatient Kshs. 100,000 Last Expense Kshs. 100,000	Inpatient Kshs: 2 million Outpatient Kshs. 100,000 Last Expense Kshs. 100,000

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

Ethics and Conduct Governance Assessment

The Authority has in place various Policies which each Board member on appointment signs commitment to abide by during their tenure. During the year under review, the Authority initiated the review of the Board Code of Conduct and Ethics, Confidentiality Policy, Whistleblower Policy, Gifts Policy and Communication and Stakeholder Policy to align them with the latest governance trends.

Code of Ethics and Conduct

The Board is committed to ensuring high standards of integrity and professionalism. In setting the right tone, the Board has signed a Code of Conduct and declares areas of conflict of interest in agenda items for discussion in a meeting. Staff have also signed a Code of Ethics and are expected to maintain high standards of integrity and display exemplary behaviour in upholding ethical values.

Whistle Blowing Policy

The Authority has put in place a Whistle Blowing Policy. The policy provides an avenue for staff and stakeholders to report on malpractices while maintaining their anonymity.

Stakeholder Engagement

To ensure effective regulation and delivery of its mandate, the Authority continuously engages stakeholders through public consultation on various Regulatory Initiatives. During the year under review, the Authority undertook to review its Communications and Stakeholder Engagement Policy. The key stakeholders included the Board of Directors, Internal Staff, Government, Ministry of Cooperatives and MSME Development, Media, The National Treasury, Central Bank of Kenya, Other Financial Sector Regulators, Regulated SACCOs, Judiciary, National Police Service, Parliament, Sacco Members and the General Public.

Legal and Compliance Audit

Legal audit process is a systematic, objective and impartial examination of the processes, policies, documentation and practices to assess the legal requirements that an entity needs to adhere to and evaluate the level of compliance with the entire legal and regulatory framework that the entity is subject to. The legal audit provides recommendations for aligning operations, policies and processes with the legal requirements, thus enabling the entity to more effectively discharge its mandate and strategic objectives.

The Board pursuant to Executive Order No. 7 Code of Governance for State Corporations (Mwongozo), Article 8.4 is required to disclose the extent of compliance with Laws, Regulations and Standards. It is required that a comprehensive and independent legal audit should be carried out, at least every two years by an external consultant.

During the financial year under review, an external legal audit was conducted by the firm of MMK Advocates as per the provisions of Mwongozo which requires corporations to carry out an independent legal audit every 2 years.

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

Governance Audit

A Governance Audit was undertaken during the period under review. The Authority through a consultancy contract, engaged the firm of MMK Advocates who are accredited governance auditors to carry out the governance audit in compliance with the applicable rules and regulations set out in the Mwongozo Code of Conduct. In the Audit, the Authority scored 97% and was commended for putting in place a sound governance framework, which complies with the relevant legal and regulatory framework and is in line with global best corporate governance practices for the interest of stakeholders.

Succession Planning

Board members of the Authority are appointed at different times pursuant to Section 6(3) of the Sacco Societies Act, to ensure the respective expiry dates of their terms fall at different times to ensure continuity in the Board. The staggered appointments of the Board members was as illustrated below:

TABLE 9 SUCCESSION PLANNING OF THE BOARD MEMBERS

NAME	DATE OF APPOINTMENT	DATE OF EXPIRY
Hon. Jack Ranguma	W.e.f 10 th February, 2023	9 th February, 2026
Ms. Freda Moraa	W.e.f 23 rd June, 2023	22 nd June, 2026
Mr. Methuselah Rono	W.e.f 16 th June, 2023	15 th June, 2026
Mr. Timothy Kihara	W.e.f 16 th June, 2023	15 th June, 2026
Ms. Alice Mwololo	W.e.f 14 th October, 2015	-
Mr. Gerald Nyaoma	W.e.f 6 th April, 2016	-
Mr. David Obonyo	W.e.f 17 th June, 2021	-

9. Management Discussion and Analysis

Kenya's Economic Outlook

The financial year 2023-2024 was a period of significant transition and challenge for Kenya's economy. As the nation navigated the aftermath of the COVID-19 pandemic, geopolitical tension and economic shocks it faced both opportunities for recovery and hurdles that tested its economic resilience.

Economic Growth

Kenya's economy showed a promising recovery trajectory in the financial year 2023-2024, as it emerged from the 2022 general elections with a renewed focus on building upon the continued recovery from the economic impacts of the COVID-19 pandemic. Despite the prevailing global uncertainties, including heightened geopolitical tensions and supply chain disruptions, the Kenyan economy demonstrated resilience with a growth rate of 5.6% compared to 4.9% in the previous year. This recovery was underpinned by robust performance in several sectors, notably agriculture, which is a cornerstone of Kenya's economy, and services sector, including trade and tourism.

Agricultural output benefited from favorable weather conditions and improved farming practices, contributing positively to the Gross Domestic Product (GDP) at a rate of 21.8%. The services sector, particularly financial services and real estate also played a critical role in driving economic activity contributing 61.3% to the GDP. The recovery in consumer spending and investment were key drivers of this growth, reflecting a gradual return to pre-pandemic economic conditions.

Inflation and Cost of Living

Inflation emerged as a significant challenge during this period. The annual inflation rate surged due to a combination of global and domestic factors to 7.6% an increase from 7% in the previous period. International commodity prices, especially for fuel and food, saw sharp increases, which were transmitted to the local economy. The rise in global oil prices led to higher transportation and energy costs, further exacerbating the cost of living for ordinary Kenyans.

In response, the Central Bank of Kenya (CBK) adopted a cautious monetary policy stance by raising the base lending rate by 375 basis points to stand at 12.5% as at December 2023. The CBK implemented interest rate adjustments and other monetary tools aimed to curb inflation while supporting economic growth. Despite these efforts, the impact on household budgets was pronounced, affecting disposable income and consumer spending.

Fiscal Policy and Public Debt

Managing fiscal policy was a central concern for the Kenyan government. The financial year 2023-2024 saw continued efforts to consolidate fiscal deficits and stabilize public finances. The government implemented various measures to enhance revenue collection, including tax reforms and improved efficiency in public expenditure. However, balancing the need for fiscal

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

prudence with the requirement to stimulate economic growth presented a challenging dilemma.

Kenya's fiscal deficit widened from 6.3% of GDP in 2022 to 7% in 2023, primarily due to underperforming revenues and rising interest costs. Public debt also increased, reaching 70.2% of GDP in 2023, up from 66.7% in 2022, driven by increased borrowing to finance the deficit and depreciation of the Kenyan shilling.

Investment and Infrastructure

Investment in infrastructure continued to be a priority for the Kenyan government. Major projects in transportation, energy, and technology were key components of the national development agenda. Initiatives such as road construction, expansion of the energy grid, and advancements in digital infrastructure aimed to bolster economic growth and improve connectivity. These investments were seen as crucial for enhancing Kenya's competitiveness and facilitating long-term economic development. The focus on infrastructure was expected to generate employment, stimulate economic activity, and attract foreign investment, contributing to a more resilient economic foundation.

External Influences

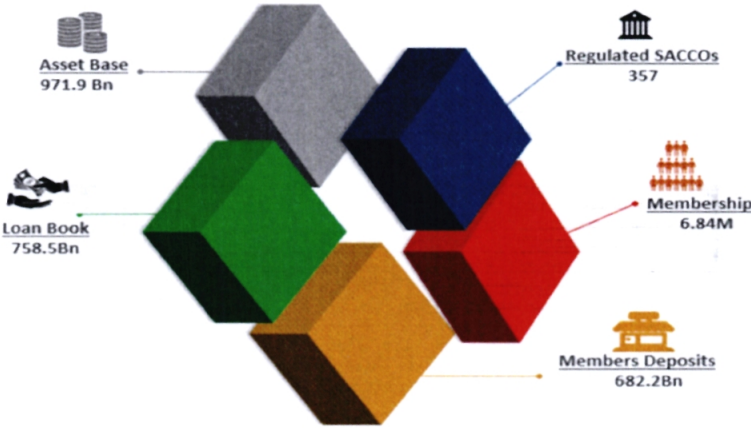
The global economic environment played a significant role in shaping Kenya's economic outcomes. Geopolitical tensions, fluctuations in global commodity prices, and supply chain disruptions affected Kenya's trade dynamics and economic stability. The ongoing conflict in Eastern Europe, for instance, had repercussions for global energy markets, impacting Kenya's import costs. Additionally, global monetary policies and economic conditions influenced capital flows and investment patterns. Kenya had to navigate these external pressures while pursuing its domestic economic goals.

Overview of the Regulated SACCO Industry

The Regulated SACCO industry remained largely stable in its performance and relatively resilient against economic disruptions as demonstrated by the growth of the key financial parameters. This performance is reflective of the ongoing efforts to enhance regulatory oversight and ensure the stability and growth of the SACCO industry. This section provides a detailed analysis of SACCO industry operational performance, focusing on financial performance, capital adequacy, asset quality, and market conduct activities.

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

FIGURE 1: OVERVIEW OF INDUSTRY PERFORMANCE



Aggregate Financial Performance

The key financial performance indicators of Total Assets increased cumulatively to Kshs 971.96 billion in 2023 from Kshs 890.30 billion in 2022. The rate of growth of the total assets on the other hand dropped to 9.17% in 2023 compared to 10.31% reported in 2022, thus implying that the Regulated SACCOs total assets grew at a slower rate in 2023 than in 2022.

The total deposits held by the Regulated SACCO Industry during the year increased to Kshs 682.19 billion from Kshs 620.45 billion recorded in 2022, representing a marginal growth rate of 9.95% compared to a growth rate of 9.84% in 2022. The gross loans disbursed grew at a rate of 11.50% to reach Kshs 758.57 billion from Kshs.680.35 billion in year 2022. The growth rate represented a marginal decline from a rate of growth of 11.76% in 2022 as shown in table 10.

**The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.**

TABLE 10 COMPARATIVE GROWTH TREND IN KEY PERFORMANCE PARAMETERS FOR REGULATED SACCOs

FINANCIALS	CLUSTER	AMOUNTS IN KSHS (BILLIONS)				YEAR TO YEAR CHANGES	
		2020	2021	2022	2023 *	2021/22	2022/23
TOTAL ASSETS	DT-SACCOs	627.68	691.09	763.50	832.89	10.48%	9.09%
	NWDT-SACCOs	106.54	116.02	126.80	139.06	9.29%	9.67%
	TOTALS	734.22	807.11	890.30	971.96	10.31%	9.17%
TOTAL DEPOSITS	DT-SACCOs	431.46	474.25	522.59	575.19	10.19%	10.07%
	NWDT-SACCOs	83.00	90.64	97.86	107.00	7.97%	9.34%
	TOTALS	514.46	564.89	620.45	682.19	9.84%	9.95%
GROSS LOANS	DT-SACCOs	474.77	522.25	586.16	652.27	12.24%	11.28%
	NWDT-SACCOs	80.28	86.50	94.19	106.30	8.90%	12.85%
	TOTALS	555.05	608.75	680.35	758.57	11.76%	11.50%
	TOTALS	25.05	36.07	39.64	52.35	9.89%	32.09%
NET LOANS & ADVANCES	DT-SACCOs	450.58	488.20	549.20	603.15	12.49%	9.82%
	NWDT-SACCOs	79.42	84.48	91.51	103.06	8.32%	12.61%
	TOTALS	530.00	572.68	640.72	706.21	11.88%	10.22%

Source: SASRA Database

* Audited Financial Statements for Regulated SACCOs as at 30th December, 2023

Capital Adequacy and Stability

The Authority continued to execute its mandated mission of ensuring the safety and soundness of Regulated SACCOs, as outlined in the *2023-2027 Strategic Plan*, through the risk based supervisory framework. The framework deploys the CAEL rating framework for assessing, monitoring, and reporting on the financial stability and safety of the Regulated SACCOs. During the period under review, Regulated SACCOs industry remained well capitalized beyond the prescribed minimum thresholds in all the key stability measurement and indicators of capital adequacy, asset quality and liquidity.

The DT-SACCOs' segment aggregated core segment increased to Kshs 133.81 billion in 2023 from Kshs 124.89 billion reported in 2022, while the aggregated core capital for the NWDT-SACCOs increased to Kshs 14.46 billion from Kshs. 10.65 billion reported in 2022. At the individual levels, 167-DT-SACCOs were fully compliant with core capital requirements and maintained a minimum of Kshs 10 million which is a drop from the 168-DT-SACCOs reported in 2022; while 178-NWDT-SACCOs maintained their core capital above the Kshs 5 million mark.

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

The mean non-performing loans (NPL) ratio for the Regulated SACCOs increased from 8.34% in 2022 to an NPL ratio of 8.45% reported in 2023 above the industry best practice of 5.0 percent and below. It is also worth noting that the increase in the NPL was largely contributed by the DT-SACCOs whose NPL ratio increased from 8.40% in 2022 to 8.66% in 2023, compared to the NWDT-SACCOs segment whose NPL ratio improved from 7.99% in 2022 to 7.12% in 2023. This is largely attributed to the opening of the common bonds by DT-SACCOs thus decreasing their reliance on employers-based loan recovery models.

Regulated SACCO Membership

The Membership of Regulated SACCOs on the other hand increased by 6.67% to reach 6.84 million members in 2023 compared to 6.42 million members reported in 2022, signifying the increased public confidence and trust in the SACCO industry, largely driven by the strengthening of the regulatory and supervisory regime, as well as shifting of demand for financial services and products to SACCOs. The members were distributed across 357 Regulated SACCOs which provided stable employment opportunities to a total of 11,883 Kenyans which is an increase from a total of 11,188 Kenyans in 2022. These statistics show that the Regulated SACCOs' industry continued to play a critical role in the country's economic development, financial inclusion agenda and attainment of the United Nation Sustainable Development Goal on Promoting inclusive and sustainable economic growth, employment and decent work for all.

Financial Performance

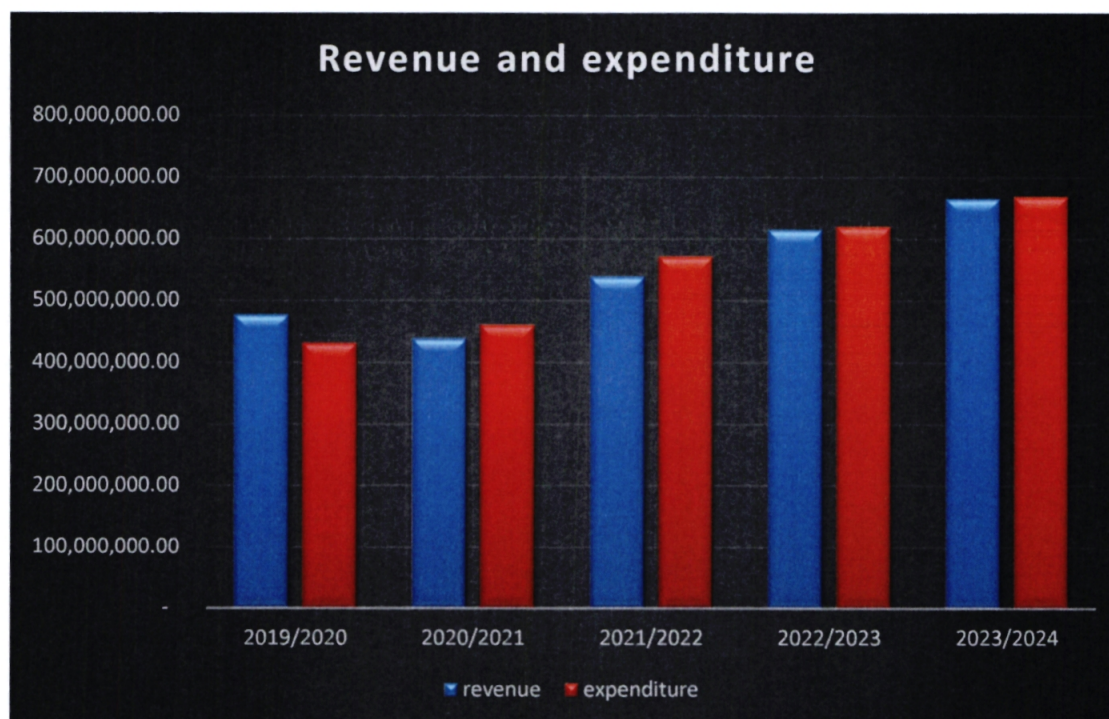
The Authority's financial performance for the year under review was based on the *Strategic Plan 2023-2027*, the approved budget for FY 2023/24 and the set targets outlined in the Performance Contract signed between the Board and CS for Cooperatives and Micro, Small and Medium Enterprises Development, which were then cascaded to the management.

During the year under review, the Authority earned a total revenue of Kshs. 665Million. This revenue was earned from license fees and levies charged on deposits liability of the Regulated SACCOs accounting for 5% and 95% respectively. The revenue grew to 665Million in the FY 2023/24 from Kshs 620Million in the FY 2022/23, driven by growth in deposit liability of the Regulated SACCOs which is the basis upon which SACCOs are levied by the Authority.

Total operating expenses for the Authority during the review period was Kshs 668Million which was within the approved budget. The primary expenditures during the year included costs associated with onsite inspection of the Regulated SACCOs, expenses towards development of the SACCO Industry, stakeholders' engagement costs, employee costs and other administrative expenses.

Figure 2 shows the Authority's revenue and expenditure for the five-year period from FY 2019/20 to FY 2023/24.

FIGURE 2: THE AUTHORITY'S REVENUE AND EXPENDITURE FOR FY 2019/20 - FY 2023/24



During the review period, the Authority was not able to levy the Specified Non-Deposit Taking SACCOs as the levy order had not been approved by the National Assembly. Despite this delay, the Authority maintained continuous supervisory activities over the NWDT-SACCOs which contributed to the reported deficit in the year under review.

Compliance with Statutory requirements

The Authority met all statutory requirements, and there were no known non-compliance issues that could pose potential contingent liabilities. This includes adherence to all applicable laws and statutory obligations such as PAYE, Housing Levy, NHIF, NSSF, HELB and withholding taxes.

Financial Probity and serious governance issues

No serious governance issues or cases of financial improbity in conduct of Authority's affairs were reported by the board and the management during the review period. The Authority adhered to all relevant financial regulations regarding fiscal matters during the period under review.

Ongoing and Proposed Legislations and Policies for SACCO Industry

a) Legislation Initiatives:

i) The SACCO Societies (Amendment) Bill No. 1 of 2018

The bill was passed by the National Assembly in November 2019 and is currently pending before the Senate for consideration and enactment. This bill aims to establish criteria for determining the suitability and propriety of individuals serving as officers in Regulated SACCOs. It empowers SASRA to impose minimum educational and professional standards

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

for these officers and integrates SACCOs into the National Credit Information Sharing framework. These measures are intended to build a skilled, agile workforce, strengthen leadership, and enhance accountability within the SACCO industry. However, the prolonged delay in the Senate has hampered SASRA's effectiveness in overseeing good governance within the industry.

j) The Proposed SACCO Societies (Amendment) Bill 2023

The bill has been submitted to the parent Ministry for transmission to the Cabinet for consideration and approval. This bill sets out the legal and regulatory framework for establishing a SACCO Central Technological Shared Services Platform. The platform aims to leverage on digital technologies to deliver financial services, economies of scale, promote competitiveness, improve savings mobilization and inter-SACCO borrowing. However, there is a risk that small SACCOs without the capacity to invest in technology may fail, resulting in a loss of member funds.

It also includes amendments to the SACCO Societies Act Cap 490 B to operationalize the Deposit Guarantee Fund (DGF), which is established under Section 55 of the Act. The DGF aims to insure deposits but not shares held by Regulated SACCOs in the event of failure, thus boosting public confidence in SACCOs. However, as currently enacted the fund is exposed and hence requires the attendant amendments to the Act to assure of operational sustainability and reduce moral hazard. The absence of an insurance deposit scheme for SACCO depositors may continue to reduce public confidence in SACCOs.

b) Proposed Statutory Instruments:

i) The SACCO Societies (Specified Non-Withdrawable Deposit-Taking SACCO Business) Levy, Order 2023

The Draft SACCO Societies (Specified Non-Withdrawable Deposit-Taking SACCO Business) Levy, Order 2023 was published on 2nd November 2023 in the Kenya Gazette and is awaiting National Assembly's approval to facilitate implementation. This order aims to implement the requirements of Section 15 of the Sacco Societies Act Cap 490B, following the enactment of the SACCO Societies (Non-Withdrawable Deposit-Taking SACCO Business) Regulations 2020. It seeks to raise resources to fund SASRA, thereby enhancing internal revenue mobilization to efficiently implement programs geared towards the safety of SACCOs.

ii) SACCO Societies (Deposit Taking Business) Regulations, 2010

A review of the Sacco Societies (Deposit Taking Business) Regulations, 2010 is currently underway, with a gap analysis being conducted by the Authority. A review and justification report will be compiled and submitted to the parent ministry for approval. This review aims to integrate market conduct practices and member protection mechanisms, enhance capital adequacy and liquidity requirements for DT-SACCOs, impose financial and monetary penalties against officers of DT-SACCOs, and address emerging regulatory policy issues. The objective is to enhance consumer protection, financial stability of SACCOs and promote

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

accountability within the industry. The existing regulatory framework has not responded to emerging issues since its inception in 2010, highlighting the need for these updates.

c) Proposed Policy Frameworks:

i) Asset Recovery

A framework for legal recovery mechanisms of assets acquired illegally by SACCO officers and third parties is under discussion with the National Treasury and parent ministry as part of Financial Sector Reforms in the MTP-IV (2023-2027). This framework aims to establish legal mechanisms for SASRA to commence recovery proceedings against individuals who have illegally acquired SACCO assets. It also provides guidelines for the application of recovered assets, promoting good governance and accountability within the SACCO industry. The failure to recover embezzled funds poses a risk to investing SACCO members.

ii) SACCO Stabilization Facility

Additionally, a framework for the establishment of a SACCO Stabilization Facility is also under discussion with the National Treasury and the parent ministry. This framework seeks to enhance SASRA's supervisory, regulatory, and enforcement powers to intervene in the management and governance of Regulated SACCOs, with the objective of stabilizing SACCOs under distress to restore and facilitate maintenance of a SACCO's reserve requirement. The establishment of such a facility is critical for building a resilient and stable SACCO industry, as the Authority currently lacks the necessary mechanisms to manage SACCOs under financial distress effectively.

Other Authority's Key Projects

a) The Shared services and Central Liquidity Services Platform

The Central Liquidity and Shared Digital Services Platform project started in 2019 with the aim of establishing an entity within the SACCO Industry to facilitate sharing common technology services by SACCOs, inter-Sacco Borrowing and enabling SACCOs to access the national payment system.

This is an industry-owned initiative aimed to provide, manage and run the shared technological services platform as well as the central liquidity facility. The entity is at its formative stages and will require financial support in terms of seed capital to realize its goals and objectives. The Authority developed policy and legal framework to facilitate smooth operations of the SACCO Central and will be a Secondary Cooperative linking member Saccos to the National Payment System, it is critical that it regulated to ensure stability and prevent mission drift from its core purpose.

b) Implementation of the Risk Based Supervisory Framework

The Authority continued to monitor and assess key performance and stability indicators through the CAMEL rating framework, which provides early warning indicators for necessary corrective actions. This framework evaluates Capital adequacy, Asset quality, Management quality, Earnings, and Liquidity to ensure the financial health of SACCOs. The

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

integration of the CAMEL framework into the overall supervisory process allows for a comprehensive evaluation of SACCOs to ensure operational stability and proactive regulatory interventions.

During the 2023-2024 financial year, the Authority conducted fifty-five (55) Saccos onsite inspection in line with the risk-based supervision framework. Further, the Authority undertook supervisory enforcement and administrative actions on five (5) DT- SACCOs and revoked licenses for two (2) DT-SACCOs who were not compliant with the prudential standards and have been under conditional license for over five years.

c) Automation of the Risk Based Supervision System (RBSS)

During the financial year, the Authority restarted the project of digitizing its supervisory processes, which had been affected by COVID-19 and subsequent non-performance by the contracted vendor. The project has since been recommissioned and a vendor contracted to design and implement the Risk Based Supervision System (RBSS), which is expected to be finalized in the next financial year. This system will benefit all Regulated SACCOs by facilitating the efficient and convenient submission of data and enhancing the supervisory process through the use of analytical tools.

d) Public Education and Awareness Initiatives

To complement its prudential supervision efforts, the Authority has undertaken a series of public education and awareness initiatives aimed at enhancing financial literacy and member protection within the SACCO sector. These activities are crucial for empowering SACCO members with the necessary knowledge to make informed financial decisions and foster deeper understanding of SACCO operations and regulatory requirements.

i) Member Education and Capacity Building Programs

The Authority conducted five (5) education initiatives targeting SACCO members and the general public. These initiatives focused on key thematic areas such as member rights, complaints management, transparent disclosures, understanding financial products offered by SACCOs, such as savings accounts, loans, and investment options; all aimed at enhancing the understanding and engagement of the participants.

The Authority also conducts workshops on regulatory compliance to help SACCOs understand and implement necessary compliance measures. These workshops cover topics such as anti-money laundering (AML) practices, data protection, and reporting requirements. During the reporting period, the Authority undertook eight (8) targeted capacity-building initiatives for the Board of Directors, Supervisory committees and management of Regulated SACCOs. These initiatives aimed at strengthening corporate governance, risk management, strategic planning, and ethical leadership.

ii) Enhancements in Complaints Management

Complaints Resolution and Management

During the period, the Authority significantly enhanced its focus on complaints resolution and management, reflecting a robust approach to consumer protection within the regulated SACCO industry. The number of complaints and inquiries received by the Authority surged to 715, a substantial increase from the 276 recorded in 2022, out of which 498 were resolved within the same year, representing a resolution rate of 69.65%. This rise is largely attributed to the intensified consumer protection initiatives and heightened awareness campaigns conducted by SASRA.

The nature of complaints varied, with the majority, approximately 57.48%, concerning claims for refunds of savings or deposits. This category predominantly involved members seeking the return of their investments following issues such as SACCO liquidation or withdrawal of membership. Complaints related to loans and loan issuance formed 14.97% of the total, covering grievances such as disputes over loan terms, delayed loan disbursements, and unfair loan recovery practices.

Recognizing the need for a standardized approach to handling these complaints, the Authority issued the Guidelines on Complaints Management (SASRA/MC/1/2023). These guidelines provide a clear framework for SACCOs to adopt robust complaint management systems. Key provisions include the establishment of dedicated complaints handling units within SACCOs, mandatory acknowledgment of complaints within a specified timeframe, and detailed procedures for the investigation and resolution of complaints.

Furthermore, SASRA's proactive stance included the introduction of a centralized complaints management system that allows for real-time tracking and monitoring of complaints across the SACCO sector. This system has enhanced the Authority's ability to identify recurring issues and trends, facilitating targeted regulatory interventions.

Market Conduct Inspection Tool:

The Market Conduct Inspection Tool, recently finalized and integrated seamlessly into the return's portal, represents a significant advancement in the Authority's regulatory framework. This tool is designed to guide SACCOs identify potential operational and conduct risks, by utilizing a comprehensive set of predefined risk indicators and metrics. The tool allows SACCOs to conduct self-assessments to detect signs of non-compliance or operational inefficiencies, thereby ensuring higher standards of market conduct and consumer protection.

Future Developments

a) Competition from other Financial Institutions and Fintechs

The emergence of alternative financial service providers, FinTech's and other collectives pose a competitive challenge to traditional financial institutions like SACCOs and Banks. Recent technology trends have profoundly reshaped consumer behaviours with many

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

opting for more convenient opportunities to manage their short-term liquidity constraints. This often expose members (consumers) to various forms of consumer harm through excessive fees, higher interest rates, and biased lending decisions.

Regulated SACCOs must therefore adapt to changing market dynamics by embracing technology and fostering collaborations with fintech partners and other collectives where mutually beneficial, by pooling resources and expertise to enhance their offerings to solidify their position as the financial partner of choice, ensuring sustainable growth and stability in the face of increased competition. Additionally, the Authority is committed to support the Regulated SACCOs as it navigates the changes fintech and other innovations are bringing to the financial services industry, through the identification of industry risks and opportunities as well as marketplace developments that may prompt regulatory or policy changes

b) Growing Cyberthreats

Regulated SACCOs growing use and adoption of technology and reliance on third-party vendors exposes them to escalating cyberattacks thereby requiring ongoing measures for containment. The trend analysis of the fraud incidents in the Regulated SACCO industry shows that over 75% of the incidences are related to breaches and violation of SACCOs' ICT infrastructures and Management Information Systems (MIS) and has affected SACCOs of all sizes.

Electronically enabled financial services remain attractive targets to cybercrime as they are used by most SACCO members due to its convenience and ease of access to financial services, while at the same time reducing costs associated with physical financial services transactions. As such, the Authority continuously monitors the cyber risks and provide advisories to ensure Regulated SACCOs take a strategic risk management approach, including continually hardening, monitoring, and improving the security of their networks, as well as reviewing and mitigating risk within their respective operations.

c) Climate-Related Financial Risks

Climate change is accelerating, and the number and cost of climate-related natural disasters is rising. The economic effects of these events are clear. Each year, natural disasters like droughts and floods impose a substantial financial toll on households and businesses alike. The physical effects of climate change, along with associated transition costs, pose significant risks to the economy and the financial system. Regulated SACCOs need to consider climate-related financial risks and how they could affect their membership and institutional performance, particularly a field of membership which is often tied to a particular industry or community e.g agricultural sector.

To remain resilient, SACCOs may need to consider adjustments to their fields of membership and the types of loan products they offer, since they are best positioned to assess various risks and opportunities within their field of membership. Climate change

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

also presents several complex conceptual and practical challenges not only to SACCOs but also to the Authority and therefore the need to enhance its understanding on the impact on Regulated SACCO industry and its members. The Authority will collaborate with other financial regulators in developing tools that contribute to SACCOs understanding and mitigation of climate-related financial risks.

d) Mergers and amalgamation

Currently, there are many small disaggregated SACCOs seeking to serve members from the same community or within the same area or economic activity. While competition is good, it is disadvantageous to small ones who lack the capital to effectively compete in the dynamic and highly competitive deposit taking and credit market. Mergers and amalgamation will bring economies of scale and synergies to face the fierce competition not only from peer SACCOs but also from other financial institutions.

Taking cognizance of the slow uptake of voluntary mergers as provided in the existing legal framework, the Authority developed a policy framework on consolidation of SACCOs to reap from the benefits associated with economies of scale as well as efficiency in service delivery. The policy further seeks to unpack amalgamation and mergers as a resolution tool for financially distressed Regulated SACCOs as an alternative to their liquidation.

e) Promoting Financial Inclusion and Member Centricity

The Authority is steadfast in its commitment to promoting financial inclusion and member-centric practices within the SACCO industry. Future initiatives will focus on encouraging SACCOs to adopt innovative financial products and services that cater to the diverse needs of their members, enhancing consumer protection measures, and supporting financial inclusion initiatives targeting underserved and marginalized communities.

i) Innovative Financial Products

To meet the evolving needs of SACCO members, the Authority shall continue to engage the SACCO industry to pro-actively develop member centric financial products and services. These innovative products aim to make financial services more accessible, convenient, and tailored to the specific needs of SACCO members, thereby fostering greater financial inclusion.

ii) Consumer Protection Measures

Strengthening consumer protection measures is a key priority for the Authority. To ensure the fair treatment of SACCO members and enhance their confidence in the industry, the Authority enforces stringent transparency and disclosure requirements, product design and delivery among other member protection measures, to ensure members access to clear and comprehensive information about the financial products and services offered by their SACCOs.

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

Effective complaints handling mechanisms will also be a focal point. the Authority will ensure that SACCOs implement robust complaints management systems that provide members with easy access to lodge complaints and receive timely and satisfactory resolutions.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The Authority remains steadfast in its commitment to meeting Environmental, Social, and Governance (ESG) requirements, adhering to best industry practices, and upholding the national values as enshrined in Kenya's Constitution and United Nations Sustainable Development Goals. In alignment with these principles, the Authority achieved a 100% score under the National Cohesion and National Values Indicator in the FY 2022/23 performance contract.

The Authority has implemented an Enterprise Risk Management System as part of its sustainability policies, adopting a net risk approach to ensure that leadership is promptly informed of significant risks. This system influences our risk management strategies and enables us to capitalize on opportunities effectively.

ii) Environmental Performance

The Authority's environmental sustainability policy (2022) sets forth principles and practices aimed at significantly contributing to the Authority's environmental sustainability program. This includes the control and management of environmental risks and the enhancement of environmental performance. The policy outlines the environmental and sustainability context, legislative, policy obligations, responsibilities and actions for all Authority staff.

To support its mandate, the Authority undertook various corporate social responsibility activities focused on environmental sustainability during the year. Partnering with Kenya Forest Services, the National Environmental Trust Fund (Netfund), Universal Traders SACCO, and the local Community Forest Association in Machakos County, the Authority planted 2,500 indigenous tree seedlings in Iveti Forest. Additionally, during the Annual Stakeholder Regulatory Roundtable, the Authority collaborated with Cosmopolitan SACCO to plant 200 trees at Lakeview Primary School in Naivasha, Nakuru County.



FIGURE 3: SACCO INDUSTRY PLAYERS LED BY CABINET SECRETARY, HON. SIMON CHELUGUI, EGH IN A TREE PLANTING EXERCISE AT LAKEVIEW PRIMARY SCHOOL IN NAIVASHA DURING THE AUTHORITY'S 3RD ANNUAL REGULATORY ROUNDTABLE.



FIGURE 5: SASRA BOARD CHAIRPERSON, HON. JACK RANGUMA, CABINET SECRETARY LEADING LAKEVIEW PRIMARY SCHOOL PUPILS IN PLANTING TREES



FIGURE 4. DEPUTY CHIEF JUSTICE OF KENYA, HON. PHILOMENA MWILU WHO SERVES AS THE CHAIRPERSON, SHERIA SACCO PLANTING A TREE AT LAKEVIEW PRIMARY SCHOOL.

Further the Authority collaborated with its parent ministry and organized several tree planting initiatives in Murang'a County, where a total of 10,000 indigenous and 4,000 bamboo trees were planted in Kimakia Forest. These initiatives contribute to the national target of growing 15 billion trees by 2032 and support Sustainable Development Goal (SDG) 13 on Climate Action to mitigate the effects of global warming.

*The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.*



FIGURE 6: PRINCIPAL SECRETARY, STATE DEPARTMENT FOR COOPERATIVES MR. PATRICK KILEMI LEADING THE AUTHORITY STAFF AND OTHER STAKEHOLDER IN PLANTING TREES IN KIMAKIA FOREST, MURANG'A COUNTY.

Internally, the Environmental Committee enhanced the office greening initiative, improving the two floors occupied by the Authority with various indoor plants. This initiative aims to improve air quality, enhance health and well-being and create a more pleasant and productive work environment.



FIGURE 7: THE AUTHORITY'S OFFICE GREENING INITIATIVE

Employee Welfare

The Authority's Human Resource Policy and Procedure Manual (2017) guides the management of human resources in achieving our mandate, in accordance with public service guidelines. The Authority's workforce comprises 38% female and 65% male employees, with 4% representation from people living with disabilities and staff from 14 different ethnicities. During the year, the Authority sponsored various capacity-building and training programs to enhance staff skills. In addition, the Authority has comprehensive Performance Management and Productivity Improvement System to align key performance measures with its corporate strategies.

The Authority's Occupational Safety and Health Policy (2022) complies with the Occupational Safety and Health Act, 2007, international best practices, and other applicable labor laws and regulations. This policy commits the Authority to achieve the highest standards of workplace safety and health and eliminate or minimize safety and health hazards and risks that may affect employees.

Marketplace Practices

Responsible Competition Practice

The Authority has established policies to govern the conduct of the Board and staff regarding governance practices. The Corruption Prevention Policy has led to the formation of a Corruption Prevention Committee and the appointment of Integrity and Assurance

***The SACCO Societies Regulatory Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.***

officers from every department. These officers are tasked with developing an annual bribery, corruption, and mitigation risk plan to identify, mitigate, and prevent risks.

In matters of supply chain and competitive bidding, the Authority publicizes business opportunities for all outsourced goods, services, and works, adhering to the Public Procurement and Disposal (PPAD) Act and Regulations, and involving suppliers and internal organs. The Authority ensured

compliance with reporting requirements to the Public Procurement Regulatory Authority, The National Treasury, and other bodies as stipulated by the PPAD Act and Regulations and Circulars.

The Authority settled all payments to suppliers within the statutory requirement of thirty days. Furthermore, 30% of the annual procurement expenditure was allocated to special registered groups under the Access to Government Procurement Opportunities (AGPO) initiative (Youth, Women, and persons living with disabilities). Under the Buy Kenya Build Kenya initiative, local content procurement accounted for Kshs 106.39 million representing 53% of the procurement budget. The Authority ensured that information related to competition is kept confidential and that communication with suppliers adheres with legal requirements.

Responsible Supply Chain and Supplier Relations

The Authority maintains good business practices by publicly communicating business opportunities through the accessible modes, such as its website and the public procurement portal. Invitations are also sent via email to pre-qualified suppliers, reducing the need for travel. Feedback is provided to suppliers who participate in tendering opportunities, with clear reasons for the outcome of their bids, facilitating improvements in future submissions.

Responsible Marketing and Advertisement

The Authority continuously exposes all available business opportunities to the public through open advertisements and registration of all qualified and interested suppliers. During major procurement requirements, the Authority organizes pre-bid conferences and site surveys to clarify requirements to suppliers, facilitating the preparation of bid responses. Successful bidders are supported through timely provision of contract documents, necessary support information, contract management personnel, and other resources. The Authority also ensures timely payments to suppliers and provides reference letters for bid applications or due diligence checks by other agencies.

Product Stewardship

The Authority is committed to ensuring that consumer rights and interests are safeguarded through continuous approval and oversight of SACCO products. In alignment with this commitment, the Authority emphasizes transparency, fairness, and accountability in all interactions with SACCO members.

i. Transparency and Fairness

The Authority mandates that all SACCOs provide clear and comprehensive disclosures about their products and services, including the terms and conditions of savings accounts, loan agreements, and other financial products and services offered. This ensures that members have access to detailed information to enable them to make informed financial decisions and protect them from potential exploitative practices.

ii. Product Approval and Monitoring

The Authority has ensured that before any new financial product is introduced, it must undergo a thorough review and approval process to ensure that it meets the required standards of fairness, legality, and consumer protection. The Authority also conducts ongoing monitoring of existing products to ensure compliance with regulatory standards and serve the best interests of SACCO members.

iii. Complaint Resolution Mechanisms

The Authority has established robust mechanisms for handling consumer complaints related to SACCO products. These mechanisms are designed to ensure that all complaints are addressed promptly and fairly. Regulated SACCOs are required to have dedicated officers to manage complaints, maintain comprehensive complaint registers, and provide periodic reports on the nature and resolution of complaints to the Authority. This system ensures that consumer grievances are systematically tracked and resolved, fostering trust and confidence in the SACCO industry.

iv. Education and Awareness

To further protect consumer interests, the Authority conducts regular education and awareness programs for SACCO members. These programs cover important topics such as financial literacy, understanding product terms, and recognizing unfair practices. This enhances their ability to safeguard their own interests.

Corporate Social Responsibility and Community Engagements

In the year under review, and in accordance with the Assets Disposal Act, the Authority donated furniture, tyres, lighting, and cabinets to Kamiti Maximum Prison under the Ministry of Interior and Coordination of National Government.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the SACCO Societies Regulatory Authority's affairs.

i) Principal activities

The principal activities of the Authority are highlighted in page (vii) of this report.

ii) Results

The results of the Authority for the year ended June 30, 2024, are set out on page 1-6 and the accompanying notes.

iii) Directors

The members of the Board of Directors who served during the year are shown on page (xii)-(xv) of the report.

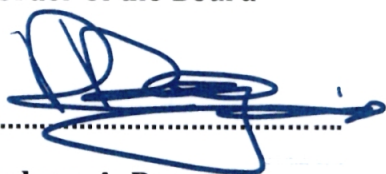
iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority reported a deficit during the year ended 30th June 2024 hence no remittance was done into the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Roselyne A. Ragama

Corporation Secretary/Secretary to the Board

Date:

24/12/2024

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act, and Section 20 of the Sacco Societies Act 2008 require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial period and the operating results of the Authority for that period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

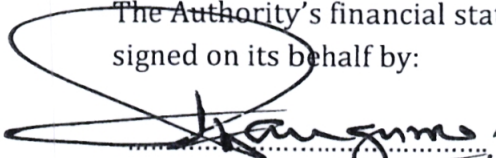
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate 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 Authority; (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 Authority; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

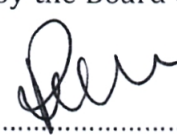
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and Sacco Societies Act 2008. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2024, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

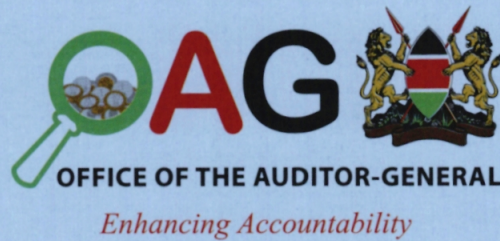
The Authority's financial statements were approved by the Board on 24/12/ 2024 and signed on its behalf by:


.....
Hon. Jackton Ranguma
Board Chairman


.....
Peter Njuguna, EBS
Chief Executive Officer

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON SACCO SOCIETIES REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Sacco Societies Regulatory Authority set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2024 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 the Sacco Societies Regulatory Authority as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Sacco Societies Act 2008 (Cap 490 B) and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.806,946,084 and Kshs.769,027,085 respectively resulting in an under-realization of Kshs.37,918,999 of the budget. However, the Authority spent an amount of Kshs.722,970,181 against actual receipts of Kshs.769,027,085 resulting in an under-utilization of Kshs.46,056,903 of actual receipts.

The under-realization and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is unmodified in respect of this matter.

Key Audit Matters

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

Other Information

The Management are responsible for the other information set out on page vii to Ixviii, which comprise of Key Authority Information, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Report, Management Discussion and Analysis, Environmental Governance and Sustainability Report, Report of the Directors and Statement of the Directors

Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Sacco Societies Regulatory Authority's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

The SACCO Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024.

14. Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023-2024	Restated 2022-2023	2022-2023
Revenue		Kshs	Kshs	Kshs
Levies	6	638,196,678	588,092,320	588,092,320
Licenses, Fees and Permits	7	27,280,099	26,796,800	26,796,800
Total Revenue		665,476,777	614,889,120	614,889,120
Expenditure				
Use of goods and services	8	261,736,360	222,127,504	222,127,204
Employee costs	9	285,076,178	248,234,980	257,067,907
Board Expenses	10	29,742,685	27,861,651	27,861,651
Depreciation and amortization expense	11	87,710,643	110,150,596	110,150,596
Repairs and maintenance	12	4,487,193	3,037,685	3,037,685
Total Expenditure		668,753,058	611,412,417	620,245,043
Surplus/ (Deficit) for the period		(3,276,281)	3,476,703	(5,355,923)

The notes set out on pages 7 to 31 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



.....

Peter Njuguna, EBS
Accounting Officer

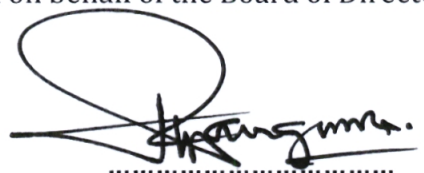
Date 24/12/2024



.....

David Sandagi
Director
Corporate Services
ICPAK M/No: 19722

Date 24/12/2024



.....

Hon. Jackton Ranguma
Chairman of the Board


Date 24/12/2024

The SACCO Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024.

15. Statement of Financial Position as at 30 June 2024

		2023-2024	Restated 2022-2023	2022-2023
ASSETS	Notes			
Current Assets		Kshs	Kshs	
Cash & Cash Equivalents	13(a)	276,432,475	354,839,594	354,839,594
Receivable from Non Exchange transactions	14	92,185,599	18,522,474	63,938,939
Total Current Assets		368,618,075	373,362,068	418,778,533
Non-current Assets				
Property, plant and equipment	15(a)	104,262,430	170,685,416	170,685,416
Intangible assets	15(b)	6,922,500	3,993,033	3,993,033
Staff mortgage	16	90,549,039	45,416,465	-
		201,733,969	220,094,914	174,678,449
Total Assets		570,352,044	593,456,983	593,456,983
FUNDS & LIABILITIES				
Current Liabilities				
Trade and other payables	17	20,656,739	38,594,887	38,594,887
Provisions	18	5,326,106	8,217,040	17,049,667
		25,982,845	46,811,927	55,644,553
Funds & Reserves				
Capital Reserves	19	799,467,544	798,467,121	798,467,121
Accumulated surplus/deficit	20	(268,098,345)	(264,822,064)	(273,654,690)
Revaluation	21	13,000,000	13,000,000	13,000,000
Total Funds and Reserves		544,369,199	546,645,057	537,812,429
Total Funds and Liabilities		570,352,044	593,456,983	593,456,983

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



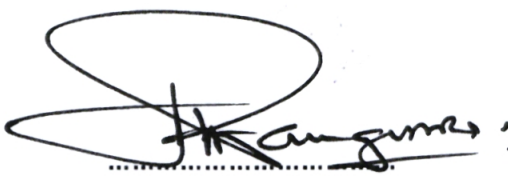
Peter Njuguna, EBS
Accounting Officer

Date 24/12/2024



David Sandagi
Director Corporate Services
ICPAK M/No: 19722

Date 24/12/2024



Hon. Jackton Ranguma
Chairman of the Board

Date 24/12/2024

16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Capital fund	Retained earnings	Revaluation Reserve	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 30th June 2021	630,909,209	(250,208,723)	13,000,000	393,700,483
Surplus/Deficit for the period	-	(32,838,997)	-	(32,838,997)
Add: Prior year adjustments		14,748,952.90	-	14,748,953
Donations	165,334,398.64	-	-	165,334,399
Balance as at 30th June 2022	796,243,608	(268,298,767)	13,000,000	540,944,838
Surplus/Deficit for the period	-	(5,355,923)		(5,313,923)
Interest on Staff Car loan and Mortgage	2,223,513	-	-	2,223,513
Prior Year Adjustments	-	8,832,626	-	8,832,626
Balance as at 30th June 2023	798,467,121	(264,822,064)	13,000,000	546,645,057
Surplus/Deficit for the period	-	(3,276,281)	-	(3,276,281)
Interest on Staff Car loan and Mortgage	1,000,425		-	1,000,425
Balance as at 30th June 2024	799,467,544	(268,098,345)	13,000,000	544,369,199

The SACCO Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024.

17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies -Recurrent			
Levies - Sacco Deposits	6	638,196,678	588,092,320
License application fees	7	27,280,099	26,796,800
Total Receipts		665,476,777	614,889,120
Payments			
Use of goods and services	8	220,609,493	180,998,338
Rent paid	8	41,126,866	41,128,866
Employee Expenses	9	285,076,178	257,067,907
Board Expenses	10	29,742,685	27,861,651
Repairs and maintenance	12	4,487,193	3,037,685
Total Payments		581,042,415	510,094,447
Surplus/Deficit before working capital changes		84,434,362	104,794,673
Working capital changes			
Decrease/(Increase) in current receivables	14	(73,663,125)	(54,110,499)
Increase/(Decrease) in current payables	17,18	(20,829,082)	31,905,871
Net changes in working capital		(94,492,207)	(22,204,628)
Net cash flows from operating activities		(10,057,846)	82,590,045
Cash flows from investing activities			
Purchase of property, plant, equipment and intangibles	15(a,b)	(24,217,124)	(24,860,266)
Staff mortgage	16	(45,132,574)	-
Net cash flows used in investing activities		(69,349,698)	(24,860,266)
Cash flows from financing activities			
Transfer to capital	19	1,000,425	2,223,513
Net cash flows used in financing activities		1,000,425	2,223,513
Net increase/(decrease) in cash and cash equivalents		(78,407,118)	59,953,292
Cash and cash equivalents at 1st July (B/F)		354,839,594	294,886,304
Cash and cash equivalents at 30 JUNE 2024		276,432,475	354,839,596

The SACCO Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024.

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original Approved Budget	Adjustments	Revised Budget	Performance	Performance difference	% Perfor mance	Notes
Details	2023/24			2023/24			
Recurrent Revenue:	Kshs	Kshs	Kshs				
Deposit Levy	655,960,489	-	655,960,489	638,196,678	17,763,811	97%	
License fees and application fees	26,593,000	-	26,593,000	27,280,099	(687,099)	103%	
Total Recurrent Revenue	682,553,489	-	682,553,489	665,476,777	17,076,712	97%	
Rolled Over Funds for RBSS	103,550,308		103,550,308	103,550,308	-	100%	
Performance Security for RBSS	20,842,287		20,842,287	-	20,842,287	0%	(a)
Sub total	124,392,595		124,392,595	103,550,308	20,842,287	83%	
(A) Total Recurrent and Development Revenue	806,946,084		806,946,084	769,027,085	37,918,999	95%	
Recurrent Expenditure							
Use of goods and services	238,255,304	7,032,700	245,288,004	261,736,360	(16,448,356)	107%	
Employee costs	302,619,004	-	302,619,004	285,076,178	17,542,826	94%	
Board Expenses	29,871,800	-	29,871,800	29,742,685	129,115	100%	
Depreciation and amortization expense	-	-	-	87,710,643	(87,710,643)	-	
Repairs and maintenance	4,750,000	-	4,750,000	4,487,193	262,807	94%	
Total Recurrent Expenditure	575,496,108	7,032,700	582,228,808	668,753,058	(86,224,250)	115%	
Capital Expenditure							
Motor Vehicle	9,000,000	(9,000,000)	-	-	-	-	
Staff Car loan and Mortgage	36,700,000	(6,700,000)	30,000,000	30,000,000	-	100%	

The SACCO Societies Regulatory Authority (SASRA)
Annual Report and Financial Statements
for the year ended June 30, 2024.

Furniture and Fittings		1,700,000	1,700,000	1,595,412	104,588	94%	
ICT Equipment	-	6,967,300	6,967,300	6,967,300	-	100%	
Total Capital Expenditure	45,700,000	(7,032,700)	38,667,300	38,562,712	104,588	100%	
Development Expenditure							
Office partitioning and Fire Suppression	14,500,000		14,500,000	9,384,412	5,115,588	65%	(b)
Implementation of RBSS	124,392,595		124,392,595	6,270,000	118,122,595	5%	(c)
Total development expenditure	138,892,595		138,892,595	15,654,412	123,238,183	11%	
(B) Total Recurrent and Development Expenditure	760,088,703	-	760,088,703	722,970,181	37,118,522	95%	
(C)=(A-B)							
Total Revenue Less Total Expenditure	46,857,381	-	46,857,381	46,056,903	800,478	-	

Notes explaining Variances in the Budget Performance Report

- a. This relates to a bank guarantee that was not surrendered by the bank by the end of the Financial year
- b. The Authority budgeted Kshs 14.5 Million to spend on office partitioning and fire suppression. The un-utilised funds relates to acquisition of fire suppression.
- c. Procurement of RBSS commenced during the year under review. Implementation of the Project has commenced and the balance of the funds will be absorbed in the next financial year.

The change between the original budget and the final budget was because of reallocations which were necessary to accommodate critical activities that were not anticipated during the initial development the budget.

19. Notes to the Financial Statements

1. General Information

The Sacco Societies Regulatory Authority (SASRA) is a State Corporation under the Ministry of Co-operatives and Micro, Small and Medium Enterprise (MSME) Development. It was established as the Government's principal agency for supervision and regulation of SACCO Societies in Kenya pursuant to the provisions of the Sacco Societies Act No. 14 of 2008. The Authority started its operations in 2010 upon Gazettement of the Sacco Societies (Deposit-taking Sacco Business) regulations, 2010 on 18th June 2010.

The Authority is charged with the responsibility of overseeing the implementation of the provisions of the *Sacco Societies Act* and the Regulations made thereunder, with the main functions being the licensing of SACCO Societies to undertake deposit taking SACCO business and the regulation and supervision of designated SACCO Societies in Kenya. The two main regulations which have been made pursuant to the Act and which the Authority implements are the *Sacco Societies (Deposit-Taking Sacco Business) Regulations, 2010* which applies to the licensing, regulation and supervision of SACCOs undertaking deposit taking business; and the *Sacco Societies (Non-Deposit Taking Business) Regulations 2020* which applies to the authorization, regulation, and supervision of SACCOs undertaking specified Non-Deposit Taking business.

In addition, the Authority is responsible for overseeing the compliance of regulated SACCO Societies with the provisions of the *Proceeds of Crimes and Anti-Money Laundering Act, 2009 (POCAMLA)* pursuant to *Section 36A* thereof as read with the *First Schedule* thereto which lists the Authority as one of the supervisory bodies for purposes of the POCAMLA

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. *The* financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

a) New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued in the financial year.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of</p>

The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.

Standard	Effective date and impact:
	land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

Notes to the Financial Statements (Continued)

ii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in the financial year.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and Levies

The Authority recognizes revenues from fees and levies when the event occurs and the asset recognition criteria are 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 Authority and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Authority being a financial regulator, does not render services that accrue revenue instead it levies SACCOs to meet its operational costs. However, occasionally the Authority can generate revenue from sale of goods and accrued interest from investment of excess funds. In the year under review, there was no revenue generated from sales of goods and accrued interest

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for the Current FY was approved by the National Assembly in May 2023. 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 Authority upon receiving the respective approvals in order to conclude the final budget.

The Authority'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 based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements 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 to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Taxes

On 20th March 2015, The National Treasury issued PFMA Regulation No.34 which under section 219 exempts the Authority from paying taxes. The regulation requires corporations exempted from income tax to remit 90% of surplus to National Treasury.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

- Motor vehicles 8 years (12.5%)
- Computer, hard wares and accessories 3.33 years (30.0%)
- Office equipment 8 years (12.5%)
- Furniture and Fittings 8 years (12.5%)
- Intangibles 8 years (12.5%)

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) 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 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. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

Notes to the Financial Statements (Continued)

g) Research and development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Authority's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

i) Financial assets

Classification of financial assets

The Authority classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Authority's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the Authority has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Authority classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Authority manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment

The Authority assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

ii) Financial liabilities

Classification

The Authority classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Provisions

Provisions are recognized when the Authority 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 Authority 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

k) Contingent liabilities

The Authority 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.

l) Contingent assets

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

m) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The reserves maintained are Accumulated reserves that hold cumulatively balances of surplus or deficits arising from the Statement of Financial Performance, Revaluation reserves recording increase in carrying amounts of Property, Plant and Equipment upon professional valuation and Capital Reserve holding amounts for funds earmarked for capital expenditure.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Authority pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Related parties

The Authority regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers

q) Cash and cash equivalents

Cash and cash equivalents comprise 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 various commercial banks at the end of the financial year.

r) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation for Uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent

liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur in line with IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Authority.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.**

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 17. 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.

6. Levies, Fines and Penalties

	2023-2024	2022-2023
	Kshs	Kshs
Levies		
Deposit Levies from Sacco	638,196,678	588,092,320
Total	638,196,678	588,092,320

The increase of 8% in levies from Kshs 588 million to Kshs. 638 million is as a result of growth in deposit liability which is the basis for charging levies

7. Licenses and Fees

Licenses and Fees	2023-2024	2022-2023
	Kshs	Kshs
License Application fees	531,000	489,000
Licence Renewal Fees	26,749,099	26,307,800
Total	27,280,099	26,796,800

License application fees is paid by Regulated SACCOs when applying for a license while the actual license fees are paid upon fulfilling the requirements to carry out deposit taking business. There was a marginal increase of license application fees and license fees of 2% in the financial year 2023/2024.

*The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.*

Notes to the Financial Statements (Continued)

8. Use of Goods and Services

	2023-2024	Restated 2022-2023	2022-2023
	Kshs	Kshs	
Subscriptions staff club membership and software licenses	4,731,740	3,975,950	3,975,950
Security costs	1,350,000	1,080,000	1,080,000
Advertising ,promotion & corporate image	16,521,341	9,867,327	9,867,327
Newspaper ,cleaning services & drinking water	2,241,206	2,457,927	2,457,927
Electricity	816,844	419,890	419,890
Audit fees	487,200	487,500	487,200
ICT Consumables	3,197,657	2,439,487	2,439,487
Software licences	21,686,284	17,418,414	17,418,414
Consulting fees	15,759,582	18,705,826	18,705,826
Office Consumables	1,456,596	1,652,700	1,652,700
Legal expenses	4,365,624	2,632,487	2,632,487
Postage expenses	146,500	170,000	170,000
Printing and stationery	2,688,731	2,050,570	2,050,570
Rent and rates	41,126,866	41,128,866	41,128,866
Bank charges	671,013	593,417	593,417
Telephone expenses	255,387	253,440	253,440
Travel, accommodation, subsistence and hospitality & supplies	19,747,161	11,731,885	11,731,885
Stakeholder engagement costs	5,294,376	10,749,684	10,749,684
Supervision & research activities costs	81,208,775	48,050,930	48,050,930
Training(Capacity development)	32,349,786	41,529,393	41,529,393
Fuel and Oil	4,177,331	4,184,679	4,184,679
Insurance for motorvehicles and Equipments	1,456,360	547,132	547,132
Total	261,736,360	222,127,504	222,127,204

Expenses for use of goods and services increased by 18%, rising from Kshs 222Million to Kshs. 261Million. The majority of these expenses were allocated to core mandate activities in the strategic plan that were earmarked for implementation during the review period. This include onsite inspections and research activities aimed at development of the Sacco Industry.

The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.

9. Employee Costs

	2023-2024	Restated 2022-2023	2022-2023
	Kshs	Kshs	Kshs.
Salaries and wages costs	233,268,254	207,327,111	207,327,111
Employer contributions to pension	19,152,606	15,843,151	15,483,151
Staff Medical expenses	22,692,291	19,837,088	19,837,088
Staff Welfare activities	2,247,490	399,380	399,380
Provision for outstanding leave days and gratuity	4,838,905	4,828,250	13,661,177
Employer contributions to Housing Levy Contribution	2,876,632	-	-
Total	285,076,178	248,234,980	257,067,907

The increase in expenditure for the period under review is as a result of new recruitment and efficient utilization of leave days.

10. Board Expenses

	2023-2024	2022-2023
	Kshs	Kshs
Board Expenses		
Sitting allowances for regular meetings	2,265,200	3,732,800
Honoraria and airtime	1,020,000	1,006,400
<i>Other Board Expenses:</i>		
Other Board Expenses- Special meetings and workshops	26,457,485	23,122,452
Total	29,742,685	27,861,652

During the year under review, Board of directors were actively engaged in more regulatory related meetings and approval of various policy documents as compared to previous financial year hence the increase in board expenses by 6.8%.

The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.

11. Depreciation and Amortization Expense

	2023-2024	2022-2023
	Kshs.	Kshs.
Property, plant and equipment	84,370,110	102,000,410
Intangible assets	3,340,533	8,150,186
Total	87,710,643	110,150,596

12. Repairs and Maintenance

	2023-2024	2022-2023
	Kshs	Kshs
ICT Equipment & other maintenance costs	603,622	943,022
Motor Vehicles	3,883,571	2,094,663
Total	4,487,193	3,037,685

The increase in repairs and maintenance was mainly as a result of maintenance costs of aging fleet of motor vehicle.

13. Cash and Cash Equivalents

	2023-2024	2022-2023
	Kshs	Kshs
Bank	276,432,475	354,839,594
Total	276,432,475	354,839,594

Notes to the Financial Statements (Continued)

Detailed Analysis of the Cash and Cash Equivalents

			2023-2024	2022-2023
Financial institution	Account number	Account number	Kshs	Kshs
a) Current account				
Co-operative bank of Kenya	01120161308700	01120161308700	253,758,641	318,032,546
KCB Car loan and mortgage call account	1297552369	1297552369	22,673,834	36,807,048
Total			276,432,475	354,839,594

14. Receivables from Non-Exchange Transactions

	2023-2024	Restated 2022-2023	2022-2023
	Kshs	Kshs	Kshs
Outstanding Levies	79,262,529	2,809,861	2,809,861
Deposits and prepayments	11,941,918	13,820,055	13,820,055.35
Other receivables	-	1,215,541	1,215,541.36
Receivables from staff accounts	981,151	677,016	677,016.06
Staff Mortgage	-	-	45,416,465
Total	92,185,599	18,522,474	63,938,939

The increase in total receivables from Kshs 18Million to Kshs 92Million is due to outstanding levies from SACCOs and disbursement of staff mortgage. Most of the outstanding levies were cleared in July 2024. The Authority is consistently recovering staff mortgage through the payroll deductions in line with the mortgage agreement.

*The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.*

Notes to the Financial Statements (Continued)

15. (a) Property, Plant and Equipment

	MOTOR VEHICLES	COMPUTER HARDWARE	PARTITIONS	OFFICE FURNITURE	OFFICE EQUIPMENTS	TOTAL
Cost	KShs	KShs	KShs	KShs	KShs	KShs
At 30th June 2021	39,510,374	163,806,305	154,524,525	26,531,776	26,860,836	411,233,816
Additions	5,144,800	156,616,809	2,437,160	-	218,900	164,417,669
At 30th June 2022	44,655,174	320,423,114	156,961,685	26,531,776	27,079,736	575,651,485
Additions	11,730,000	311,669	11,785,800	75,622	957,176	24,860,266
At 30th June 2023	56,385,174	320,734,783	168,747,485	26,607,398	28,036,912	600,511,751
Additions		6,967,300	9,384,412	1,595,412		17,947,124
At 30th June 2024	56,385,174	327,702,083	178,131,897	28,202,810	28,036,912	618,458,875
Depreciation						-
At 1st July 2021	23,597,787	97,805,264	65,758,847	16,594,369	20,518,654	224,274,921
Depreciation	2,794,782	78,674,744	18,057,781	2,799,169	1,224,529	103,551,004
Transfer/Adjustments						
At 1st July 2022	26,392,569	176,480,008	83,816,628	19,393,538	21,743,183	327,825,925
Depreciation	5,054,781	73,898,425	19,531,005	2,172,023	1,344,176	102,000,410
Transfer/Adjustments						
At 1st July 2023	31,447,350	250,378,433	103,347,633	21,565,561	23,087,358	429,826,335
Depreciation	5,209,420	55,966,909	19,824,268	2,025,337	1,344,176	84,370,110
Transfer/Adjustments						
At 30 June 2024	36,656,769	306,345,342	123,171,901	23,590,898	24,431,534	514,196,445
Net book values						-
At 30th June 2023	24,937,824	70,356,530	65,399,852	5,041,836	4,949,554	170,685,416
At 30th June 2024	19,728,404	21,356,741	54,959,995	4,611,912	3,605,378	104,262,430

*The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.*

Notes to the Financial Statements (Continued)

15(b) Intangible Assets

Cost		WIP(RBSS System)	Total
	KShs	KShs	KShs
At 30th June 2021	47,471,329	-	47,471,329
Additions	6,525,000	-	6,525,000
At 30th June 2022	53,996,329	-	53,996,329
Additions	-	-	-
At 30th June 2023	53,996,329	-	53,996,329
Additions	-	6,270,000	6,270,000
At 30th June 2024	53,996,329	6,270,000	60,266,329
Depreciation			
At 1st July 2021	33,702,923	-	33,702,923
Depreciation	8,150,186	-	8,150,186
Additions		-	
At 1st July 2022	41,853,110	-	41,853,110
Depreciation	8,150,186	-	8,150,186
Additions		-	
At 1st July 2023	50,003,296	-	50,003,296
Depreciation	3,340,533	-	3,340,533
Additions		-	
At 30th June 2024	53,343,829	-	53,343,829
		-	
Net book values			
At 30 June 2023	3,993,033	-	3,993,033
At 30th June 2024	652,500	6,270,000	6,922,500

The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.

15 (c) Property, Plant and Equipment at Cost

If the assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Partitions	178,131,897	123,171,901	54,959,995
Motor Vehicles, Including Motorcycles	56,385,174	36,656,769	19,728,404
Computers And Related Equipment	327,702,083	306,345,342	21,356,741
Office Equipment, Furniture, And Fittings	56,239,722	48,022,432	8,217,290
Intangible assets	60,266,329	53,343,829	6,922,500
Total	678,725,205	567,540,273	111,184,932

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Partitions	12,499,443.3	12,499,443
Motor Vehicles including Motorcycles	22,296,924.60	22,296,924
Computers and Related Equipment	75,694,393	75,694,393
Office Equipment, Furniture and Fittings	24,662,437.00	24,662,437
Total	135,153,197.90	135,153,197

The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

16. Staff mortgage

	2023-2024	Restated 2022-2023	2022-2023
	Kshs	Kshs	
Staff mortgage	90,549,039	45,416,465	-
Total	90,549,039	45,416,465	-

17. Trade and Other Payables

	2023-2024	2022-2023
	Kshs	Kshs
Trade and other payables		
Trade payables	19,675,248	37,692,724.62
Other payables	981,490	902,161.99
Total	20,656,739	38,594,887

The outstanding payables as at 30th June 2024 were settled in July and August 2024.

18. Current Provisions

	Leave benefits	Audit Fees	Gratuity	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Opening balances	8,832,926.60	487,200	7,729,540	17,049,666.60
Restatement of opening balances	(8,832,926.60)	300	-	(8,832,626.60)
Restated Opening balances	-	487,500	7,729,540	8,217,040
Provisions Utilized	-	(487,500)	(7,729,540)	(8,217,040)
Provisions FY 2023/24	4,838,905.60	487,200	-	5,326,105.60
Closing balances	4,838,905.60	487,200	-	5,326,105.60

*The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.*

Notes to the Financial Statements (Continued)

19. Capital Reserve

	2023-2024	2022-2023
	Kshs	Kshs
Balance b/f	798,467,121	630,909,209
Donations	-	165,334,399
Interest on car loan and Mortgage	1,000,425	2,223,514
Total	799,467,544	798,467,121

20. Accumulated surplus/deficit

Accumulated surplus/deficit	2023-2024	2022-2023
	Kshs	Kshs
Balance b/f as July 2023	(264,822,064)	(268,298,767)
Prior year adjustments		8,832,626
Surplus/ (Deficit) for the Period	(3,276,281)	(5,355,923)
Total	(268,098,345)	(264,822,064)

21. Revaluation Surplus

	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Surplus	13,000,000	13,000,000
Total	13,000,000	13,000,000

22. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority did not make any surplus during the year 2023/2024 and hence no remittance to the Consolidated Fund.

Notes to the Financial Statements (Continued)

23. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks. The Authority's overall risk management programme focuses on

***The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.***

unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Authority's financial risk management objectives and policies are detailed below:

i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

**The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.**

Notes to the Financial Statements (Continued)

The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Receivables from exchange transactions				
Receivables from non-exchange transactions	92,185,599	92,185,599		
Bank balances	276,432,475	276,432,475		
Total	368,618,075	368,618,075		
As at 30 June 2023				
Receivables from exchange transactions				
Receivables from non-exchange transactions	63,938,939	63,938,939		
Bank balances	354,839,594	354,839,594		
Total	418,778,533	418,778,533		

Regulated Saccos under the fully performing category are paying their debts as they continue with deposit taking business. The credit risk associated with these receivables is minimal and hence no allowance for uncollectible amounts. The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

iii) Interest rate risk

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk

**The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.**

arises from bank deposits. This exposes the Authority to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Authority's deposits.

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

iv) Capital Risk Management

The objective of the Authority's capital risk management is to safeguard the Authority's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	13,000,000	13,000,000
Retained Earnings	(268,098,345)	(264,822,064)
Capital Reserve	799,467,544	798,467,121
Total Funds	544,369,199	546,645,057
Less: Cash and Bank Balances	(276,432,475)	(354,839,594)
Net Debt/ (Excess Cash and Cash Equivalents)	267,936,724	191,805,463
Gearing	49%	35%

24. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

25. Ultimate And Holding Entity

SASRA is a State Corporation under the Ministry of Co-operatives and Micro, Small and Medium Enterprise (MSME) Development. Its ultimate parent is the Government of Kenya.

26. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

**The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.**

27. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The Auditor's opinion on the Authority Annual report and Financial Statements for the previous Financial Year was unmodified/Unqualified opinion hence there were no issues for follow up.



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Chief Executive Officer

Date: 24/12/2024

***The Sacco Societies Regulatory Authority (SASRA)
Annual Reports and Financial Statements
for the year ended June 30, 2024.***