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**SACCO SOCIETIES REGULATORY AUTHORITY**

# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30TH JUNE, 2014**



Annual Report  
And Financial Statements  
For The Year Ended June 30, 2014

Securing Sacco Funds



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## Vision

To be a distinguished Saccos regulator of global reputation.

## Mission

To effectively regulate, supervise and develop the Sacco Industry by promoting sound business practices in order to enhance stability, growth and access to financial services.

## Core Values

- (i). Integrity
- (ii). Transparency and Accountability
- (iii). Innovativeness.
- (iv). Professionalism
- (v). Teamwork
- (vi). Equity



## KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Sacco Societies Regulatory Authority (SASRA) is a statutory state corporation established under the Sacco Societies Act 2008 (Cap 490B) of the Laws of Kenya (the Act) which came into full operation upon the gazettment of the Sacco Societies (Deposit-taking Sacco Business) Regulations, 2010 (the Regulations 2010) on 18th June 2010. SASRA is under the ministry of Industrialization and Enterprise Development who is responsible for the general policy and strategic direction of the Authority.

### (b) Principal Activities

The principal mission SASRA is to effectively regulate and develop Sacco Societies by ensuring safety, soundness and integrity in their operations in order to enhance growth in savings and stability of the Sacco sub-sector.

### Key Management

SASRA's day-to-day management is under the following key organs:

- Principal Secretary
- Chief Executive Officer
- Departmental Managers

### (c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

Designation	Name
Chief Executive Officer	-Carilus Ademba, HSC
Chief Manager Sacco Supervision	-Peter Njuguna
Chief Manager Human Resource and Administration	-Dominic Muteshi
Chief Manager Finance & Planning	-Kenneth Opiyo
Corporation Secretary	-Roselyne Ragama

### (d) Fiduciary Oversight Arrangements

The composition of the Board of directors who were responsible for the oversight responsibility was as follows:

Name	Position
John Bernard Nthuku, MBS	Chairman
Regina Oyaro	Member
Margaret Kiema	Member
Kakai Cheloti	Member
George Omino, Alternate to PS National Treasury	Member
Fredrick Pere, Alternate to CBK Governor	Member
Patrick Musyimi, Commissioner for Co-operative Development	Member



**(e) Entity Headquarters**

Britam Centre Building  
Mara Ragati Road, Upperhill  
P.O. Box 25089-00100  
Nairobi, KENYA

**(f) Entity Contacts**

Telephone: 020-27117715/4  
E-mail: [info@sasra.go.ke](mailto:info@sasra.go.ke)  
Website: [www.sasra.go.ke](http://www.sasra.go.ke)

**(g) Entity Bankers**

Co-operative Bank of Kenya  
Upperhill Branch  
P.O. Box 30415-00100  
Nairobi, Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

## THE BOARD OF DIRECTORS



John. B. Nthuku, MBS  
Chairman



Prof. Njunguna Ndungu,  
CBK Governor, Board Member



Dr. Kamau Thugge  
Ps. National Treasury



Kakai Cheloti  
Board Member



Fredrick Pere,  
Alternate to the CBK Governor



George Omino  
Alternate to the PS National Treasury



Margarate K. Kiema  
Board Member



Regina Oyaro  
Board Member



Patrick Musyimi  
Commissioner for cooperative  
Development  
Board Member



Carlus Ademba, HSC  
Chief Executive Officer

## MANAGEMENT TEAM



Carlus Ademba, HSC  
Chief Executive Officer



Peter Njuguna  
Chief Manager, SACCO Supervision



Kenneth Opiyo  
Chief Manager, Finance & Planning



Dominic Muteshi  
Chief Manager, Human Resource  
and Administration



Roselyne Ragama  
Corporation Secretary and  
Head of Legal Affairs



John Mwaka  
Manager Research and Policy  
Development



Mbeche Alwang'a  
Manager Information and  
Communication Technology (ICT)



Nelson Walusala Nyogesa  
Ag. Manager Internal Audit &  
Risk Management

## CHAIRMAN'S STATEMENT



**John. B. Nthuku, MBS  
Chairman**

### 1.0 Introduction

It is my privilege and pleasure to present this Report and an honour to serve as Chairman of this Authority during the last financial year ended 30th June 2014. Indeed through our collaborative efforts, we were able to execute the Authority's mandate and strategies with much success. In reflecting on the financial year 2013-14, it proved to be an unsettling period dogged by global uncertainties, political transition which ushered in the first government under the new constitution, the implementation of devolved governments as well as the establishment of new independent and constitutional offices. SASRA being a regulator within the financial services sector had to navigate a number of legal challenges that included devolved of the co-operative functions.

### 2.0 Key Milestones

#### *Increased level of compliance by Sacco's*

By close of the transition period in June 2014, the Authority licenced additional 54 Sacco's to bring the total number of DTS complying with prudential regulations from 140 to 184. This now accounts for 99.2% of the Total Assets of Deposit Taking Sacco's (DTS).

#### *Increased access to credit by SACCO's and SME's*

The Authority undertook a survey on financial access to SME's by Deposit Taking Sacco's aimed at policy enhancement for products and services. The overall increase in Net Loans amounted to 17.3% in year 2013 i.e. K.sh 184.3 Billion from 157.1Billion in year 2012 exceeding target of 10%.

#### *Protection of members Deposits in DTS Sacco's*

The Authority also intensified surveillance of the DTS which resulted into increase of deposits by 15% from K.sh 149.2 Billion to K.sh 172.3 Billion. The Authority initiated review of legal and regulatory framework and developing trust deeds to implement the Deposit Guarantee Fund to address any potential financial distress in any of the regulated DTS.

#### *Improvement of Governance in Deposit Taking Sacco's*

Through collaboration with Co-operative University College of Kenya, trained DTS directors on Governance as part of capacity building initiative towards effective management of financial entities. Through this initiative, the Authority managed to train a total of 278 Directors in the last one year.

#### *Integration of the Sacco Subsector to the mainstream financial services*

Through the Authority initiatives, DTS were mainstreamed into the Credit Information Sharing that will allow them to list bad loans through credit reference bureaus. This initiative has resulted in lowering the Non-Performing Loan ratios from 7.4% in year 2012 to 4.7% in year 2013 on total Gross Loan portfolio among the regulated DTS. The regulated Sacco's have also been mainstreamed into Anti- Money Laundering initiative through the Joint Financial Sector Regulators collaboration i.e. CBK, CMA, RBA, IRA & SASRA.