



**WANA-ANGA SAVINGS & CREDIT CO-OPERATIVE
SOCIETY LIMITED P.O. BOX 34680 00100,
NAIROBI**



**SUPERVISORY COMMITTEE REPORT FOR THE 42ND ANNUAL
GENERAL MEETING HELD ON 22ND MARCH 2024**

Introduction:

Dear Honorable Members,

It gives me great pleasure to welcome you all to the 42nd Annual General Meeting of our SACCO. Your presence here is a testimony of your interest and involvement with the SACCO. I sincerely thank you for your commitment.

I am pleased to present the following report on Supervisory committee (SC) activities and findings for the year 2023. Supervisory committee's mandate is to ensure the transparency, integrity, and compliance of Wana-Anga operations and governance.

Committee Activities:

Throughout the year, the Supervisory Committee diligently performed its duties, which included conducting audits, reviewing internal controls, and monitoring compliance with regulations and policies. We also focused on fostering a culture of accountability and transparency within the Sacco.

Governance Assessment:

SC assessment of the Sacco's governance framework and performance revealed a strong commitment to good governance practices. The Board of directors exhibited effective leadership and decision-making abilities, and management demonstrated sound strategic planning.

The SC commends the Board on well done job on renovation and repairs of the office and the extension of the Board room which gave the office a new face.

SC commends the Board for their forward-thinking approach in developing and implementing new policies that enhance governance, financial literacy, and technological advancements, contributing to the overall growth and success of the Sacco.

I commend the Board for their diligent work in creating a comprehensive strategic plan document and Service charter showcasing their commitment to effective governance, long-term vision, and responsible lending practices.

However, there were a few instances where the communication between the Board, management, and members should be improved. SC recommends regular updates and increased transparency in information sharing to enhance the SACCO's overall governance practices.

During the SC audit process, SC identified minor irregularities especially in the remuneration. This was promptly addressed, and appropriate measures taken to ensure accurate remunerations in future.

SC audit Findings:

The committee conducted a thorough audit of the SACCO's financial statements and accounting practices. We are pleased to report that the financial statements present correct status of the Sacco books.

BUDGETED AND ACTUAL INCOME COMPARISON FOR 2023

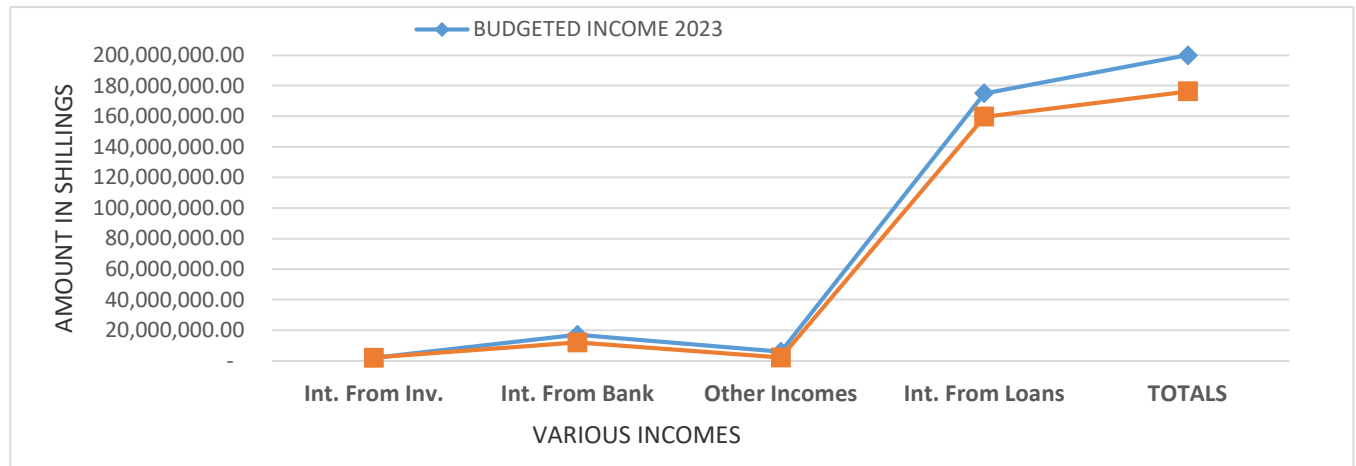


Figure 1: Budgeted and Actual Income comparison for 2023

The Sacco realised an actual income of Ksh.**181,935,384** compared to the budgeted income of **Ksh.200,000,000.00** hence registering a negative variance of Ksh.**18,064,616**. The budgeted income dropped due to low performance in the interest earned from most income portfolios.

ACTUAL INCOME COMPARISONS FOR 2022 AND 2023

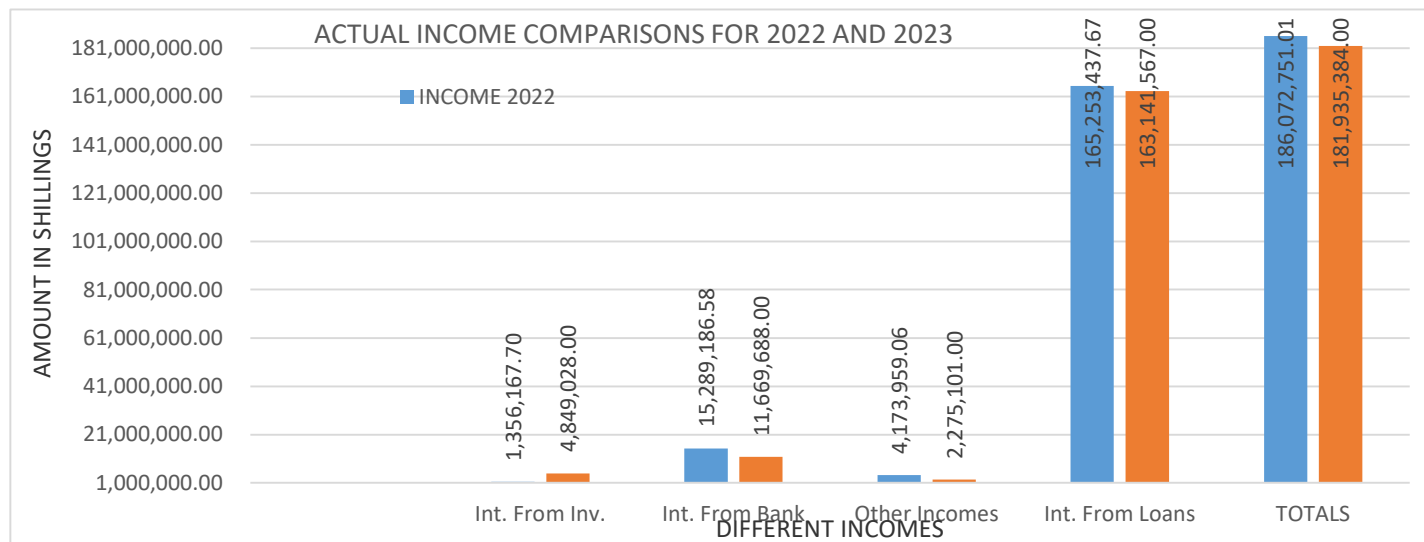


Figure 2: Actual Income comparison for 2022 and 2023

The Supervisory committee compared 2022 and 2023 actual income for different income portfolio and found that all income portfolio dropped as shown in the figure above registering negative income variance of Ksh. 4,137,367 (2022 income: 186,072,751.01, 2023 income: 181,935,384)

SC strongly cautions the Board against dropping income as it may result to financial instability, reduces member benefits, and hampers the Sacco's ability to fulfill its objectives.

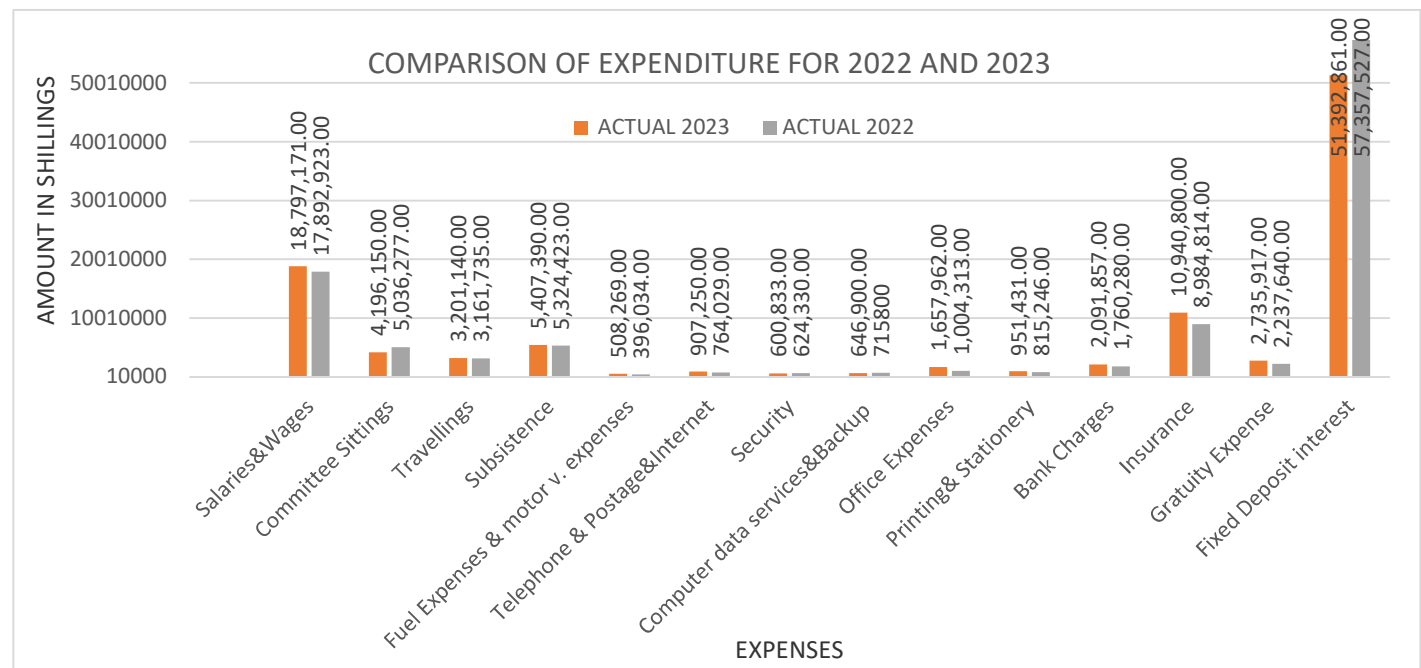


Figure 2: Comparison of Expenditure for 2022 and 2023

The Board should conduct a thorough analysis of the increased expenditure, identify the reasons behind it, assess its impact on financial stability, and develop a strategic plan to manage and control expenses effectively.

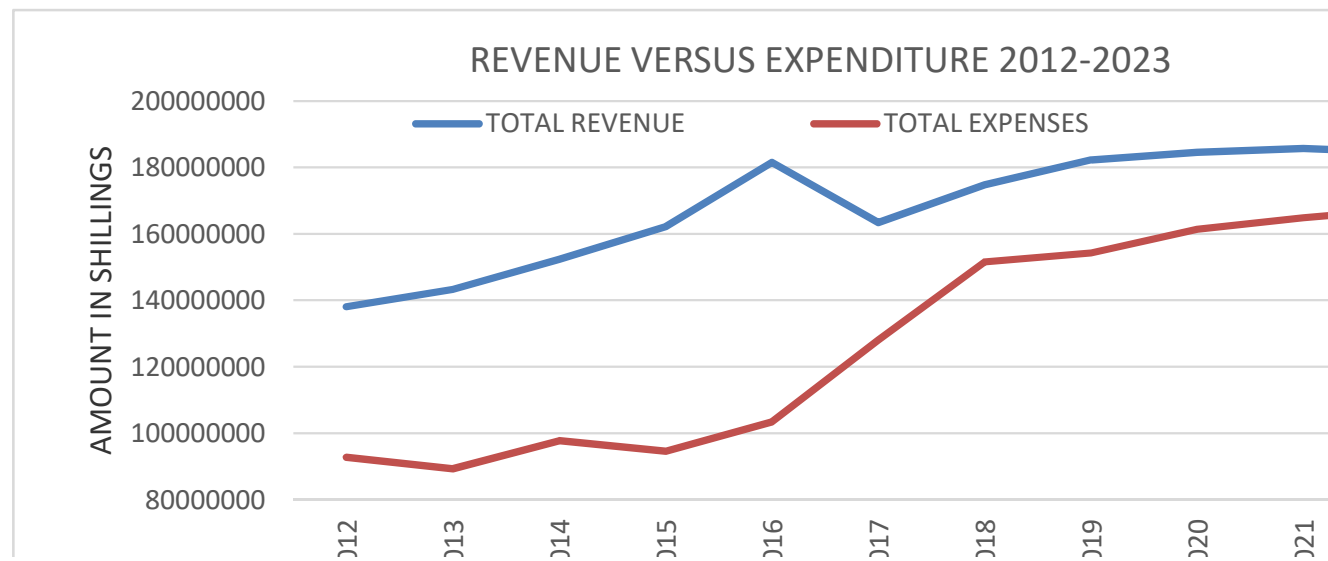


Figure 3: Revenue versus 2012-2023

The Board should conduct a comprehensive review of the factors, contributing to the decrease in income, explore opportunities for diversification, streamline operations, and implement cost-saving measures to mitigate the impact and restore financial sustainability.

The Board should improve on financial management and follow the budget to safeguard, Sacco’s financial health, reputation, and have ability to meet Sacco’s objectives.

When the Board does not stick to the budget, it may result to inconsistent and ad-hoc decision-making, leading to inefficiencies and diminished effectiveness.

LOAN YEAR TO YEAR DEFAULTS FROM 2008-2023

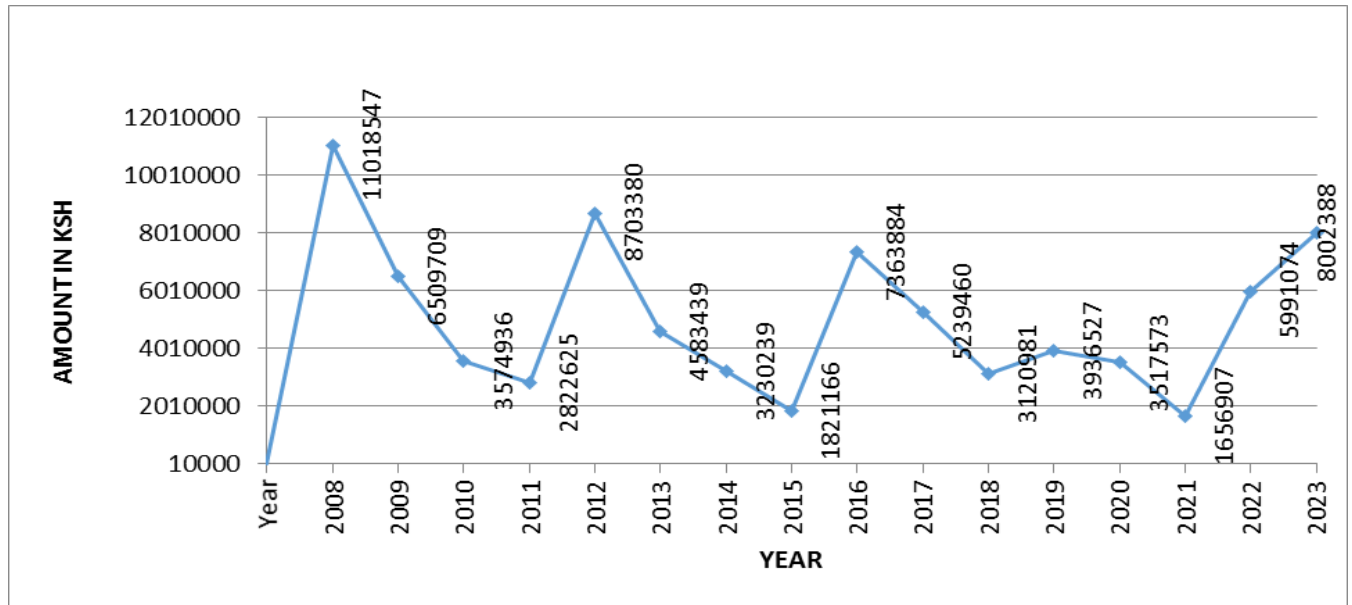


Figure 4: Loan Year to year default from 2008-2023

The inconsistent trend on loan recovery could be attributed to a variety of factors, such as inadequate borrower communication, weak enforcement mechanisms, economic fluctuations, or internal operational inefficiencies.

To control inconsistent trend on loan recovery, the Board should consider implementing comprehensive borrower education programs, strengthening enforcement measures, closely monitoring loan portfolios, and conducting regular assessments to identify and address underlying issues affecting timely repayments.

The Board should implement proactive measures such as financial literacy programs, effective loan monitoring systems, and stricter lending criteria to address loan default issues in institutions with high default rates.

Member Concerns:

Throughout the year, the Supervisory Committee received and addressed several member concerns and complaints. All concerns were thoroughly investigated and forwarded to the Board for appropriate actions. We are delighted to report that the Board satisfactorily resolved most of member's concerns and the feedback received was taken into account to improve our services.

SACCO DELEGATES

The SC found a need to have members' delegates who would represent members' interests and make decisions on their behalf.

Members' delegates promote democratic governance, accountability, member engagement, and effective communication, enhancing the overall performance and success of the Sacco.

They would be responsible for conveying feedback, suggestions, and requests from the members to the Board hence helping to shape policies and initiatives that align with members' needs.

The Board should ensure that members' interests are represented and their views considered in the decision-making processes of the Sacco by providing for members' delegates.

DIGITIZATION OF THE NEXT OF KIN/NOMINATION FORMS

The SC noted that Members do not regularly review and update their nomination forms and provide any necessary information or documentation to the SACCO. The SC advises the members to regularly update and provide this necessary information.

The SC recommends to the Board to digitize the nomination forms to ensure easy accessibility, enhance data security, improve record-keeping efficiency, maintain accuracy and data integrity, streamline communication, and offer better disaster recovery capabilities.

It is the responsibility of the Board to ensure that digitized forms are stored in secure databases or cloud-based platforms, enabling only authorized personnel to retrieve and update the information quickly. This accessibility is especially crucial during emergencies or urgent situations when immediate access to next of kin details is required.

LOCAL PURCHASE ORDER (LPO)

The SC perused the assets purchased by the Sacco in the year 2023 and noted that some items and services were made without following the proper approval process.

SC found that scrutinizing an LPO before purchases are made is a crucial step for maintaining financial control, ensuring transparency, and preventing any potential risks or misuse of funds within the Sacco

The Board should carefully review the LPO to assess the prices quoted for the items to be purchased. The Board should evaluate if the prices are fair and competitive in the market, ensuring that the SACCO obtains the best value for its money.

The Board should determine if the items being purchased are relevant and necessary for the Sacco's operations. They should assess the suitability of the items and ensure that they align with the goals and needs of the Sacco.

The Board should adhere to proper procedures and obtain the required approvals to ensure transparency, accountability, and effective financial management, hence mitigate risks, protect Sacco reputation, and maintain the trust of members and stakeholders.

CASHLESS PAYMENT RECOMMENDATION

SC perused through the transaction done by the Board in the Sacco and learnt that some payments are made by cash instead of using cheques as promised by the Board.

It is certain that use of cash can lead to decreased transparency, increased risk of theft, inefficiency and human errors, limited payment documentation, challenges in assessing creditworthiness, and reduced accountability.

Use of cheques can mitigate these negative impacts and improve the overall operations of the SACCO.

The Board should mitigate the use of cash risks by establishing and enforcing robust cashless policies and procedures, ensure transparency, accountability and maintain records. Compliance with applicable laws and regulations should be a priority to protect the SACCO's interests and maintain members' trust.

GENERAL RECOMMENDATIONS TO THE BOARD

The Board should ensure that preparation of vouchers is done through the system. The systematic preparation of vouchers helps streamline financial processes, enhance transparency, and ensure accurate tracking and reporting, leading to better governance, accountability, and informed decision-making for the Sacco.

The Board should lower expenses by strictly adhering to the budget and procurement procedures. This approach will allow the Sacco to cut out the intermediary and potentially negotiate better prices, leading to cost savings and improved financial efficiency.

The Board should prioritize procurement of items to conserve its limited funds and focus on stabilizing its financial position. This is very crucial for the Board as it will enable prudent financial management, protect the sustainability of the Sacco, and allows for a comprehensive assessment of the financial situation to make informed procurement decisions for long-term stability.

The Board should protect guarantors from loan defaulters by implementing proactive measures such as thorough due diligence in loan approval processes, ensuring appropriate loan monitoring mechanisms, and creating clear policies that hold defaulters accountable while providing support and guidance to guarantors.

ACKNOWLEDGEMENT

I would like to acknowledge the support of Wana-Anga SACCO patron KMD director Dr. David Gikungu, the support and trust of Wana-Anga SACCO Members and the oversight bodies (Co-operatives Department, SASRA and KUSCO) for the role they have played in ensuring success of the SACCO movement.

May the Almighty God bless you all and may He enable WANAANGA to soar to even greater heights.

John Nguyo

CHAIRMAN SUPERVISORY COMMITTEE-WANA-ANGA SACCO