

Supervisory Committee Presentation

Safaricom Sacco AGM- 2016

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Mandate

- 1. Make an investigation into the affairs of the society at least once every three months.**
- 2. Audit or examine the books of the society**
- 3. Make a report there of to the next meeting of the Central Management Committee**



Areas of Focus in 2015

- Review of the Safaricom Sacco's internal process, operating policies, controls, processes
- Review of ICT applications driving the Sacco's operating environment.
- Examination of the monthly financial statements
- Review of the Credit and the Loan portfolio.
- Review of statutory compliance and corporate governance maturity.
- Review of HR system and staff management
- Strategic plan monitoring
- Special projects monitoring
- Marketing performance and tools.
- Presentation of the finding with proposed suggestions and tracking progress on issues raised.
- Presentation of an annual report to the AGM with a view to highlighting key issues of concern to the members.



Observation: Sacco Growth

Membership

- Increased from 7214 to 8710 . i.e. 20.7%

✓ Accelerated member growth.

Member Deposits

- Increased from 1.891B to 2.52B i.e 25%

✓ Increasing member Deposit. Value members.

Share capital

- 108.4M to 259.1M

✓ Average performance in Share drive funds;
More pledges recorded still to be converted

Expense Ratio

- Increased from 23% in 2014 to 27% in FY2015

Highlights: Operational Excellence



Sacco Policies

Carried out a compressive review of the Sacco Policies to ensure that they were up to date and suitable for a growing organization:

- **We have updated and signed off policies to guide the operations of the Sacco.**



ICT Improvement

Post handover monitoring and signoff of the Finance Management system tools.

- **Reintegration of the Online portal and system uptime for the M-Sacco platform.**



Nominations Committee

- **Sacco has a working Nominations committee**

Observations: Office Block and Shares drive

Shares Drive

- Currently at 259.1Million against a target of 0.5B at year one.
- Pledges done up to 385.1Million but still to be converted.
- Issue of minimum shares of 40,000 deferred for this AGM meeting.
- Communication on the Way forward with regards to the Next steps on the office block building
 - Feasibility study limits the building design
- Income for maintenance sought; 100K per month.



Own a piece of our next big leap

Nawiri
Saficom SACCO
Share Offer

Last year, we delivered 44% more. Our loan book grew by over 54% and savings increased by 50%. We are implementing strategies supported by the ongoing shares drive to deliver even more

Apply for your shares today.
Shares purchase window open for a limited time

Observations: Loan book and Defaulters

- Increase in the uptake of the BIG loans > 3 Million
- Increase in default rate from the BIG loan category implies
 - Increased exposure to the Sacco
 - Increased exposure to members (guarantors)



Proposals to the board

- Explore and institute collateral for loans of this category to reduce risk.
- Explore and implement a product to cushion members on transition from one career to another; where exposure is high.
- Tighter targets for our Debt collectors.
- **Guarantor education: Role in helping the Sacco safeguard our assets.**



Observations: Infrastructure Challenges

- One main office – Westland's
- Offices in JCC
 - Allocated dedicated credit and marketing staff.
- Sacco champions for Common bond representatives
 - Allocated dedicated marketing staff to cater for Needs of satellite offices and ALL common bond members.
 - Non Safaricom housed central office still on the table. Proposed to be a part of the office block.



Online Platform for Ease of access for services

- **Online portal, Msacco, Sacco App for your phone.**

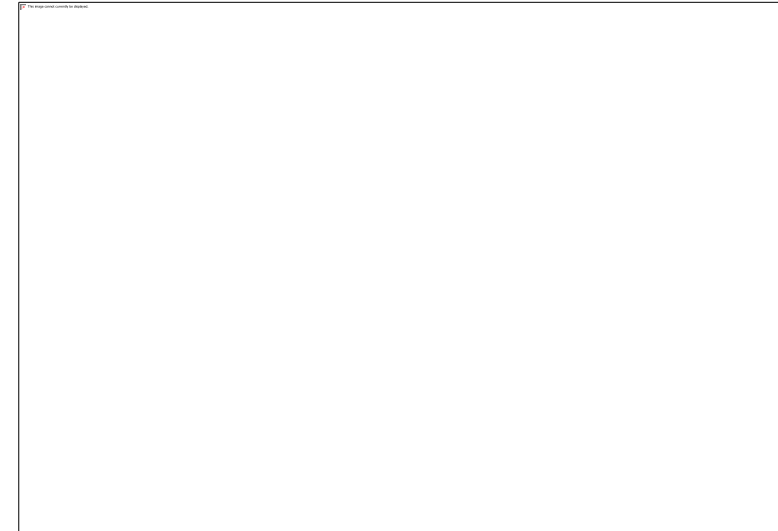
Observations: HR management

Challenged the board to look into staff related affairs.

- **Streamlining the Performance management for the Sacco staff**
- **Benefits review and resource Demand management**
 - **Ensuring enough resources at customer touch points to ensure efficient delivery of service**

Review of Cash office working hours

- **Challenged the board to institute a HRMS for the management of staff related processes as they are currently filed manually.**



Observations: Regulatory Compliance and corporate governance

Compliance

- **Safaricom Sacco has not attained the minimum requirements for the institutional capital adequacy (currently at**
 - **Board should aggressively drive the share campaign**
 - **Members to Consider plowing back some of the rebates towards the share capital initiative.**

Corporate Governance


- **All board members filed their wealth declaration as part of ministry requirements.**
- **An audit of minutes and attendance was satisfactory.**
- **Attendance for Board meeting is good but there was a glaring absence of one member from the board meetings throughout the year.**



We observed that the Sacco participated in FIRE Awards, COG Awards and Ushirika day celebrations. However, the silverwares have reduced!

Challenge for the coming year.

Conclusion

 In our opinion based on our audits carried out in the year 2015, the Sacco's internal controls are observed and are adequate in preventing the occurrence of frauds and errors.

 The Sacco has also complied with its by-laws and with the regulatory authority.

There still exists avenues of improvement as highlighted in

- Member management
- Credit and loans management.
- Marketing and communication
- Exploitation of ICT capabilities
- Acceleration of Share drive campaign



**For the opportunity to
serve you.**