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## THE SACCO SOCIETIES REGULATORY AUTHORITY (SASRA)

Our Ref: Circular No. 8 of 2011

14<sup>th</sup> January, 2011

All Chairmen,  
Sacco Societies

Dear Sir/Madam,

### **RE: 2010 AUDITS AND COMPLIANCE WITH SACCO SOCIETIES ACT 2008**

Following circular no 6 dated 10<sup>th</sup> November 2010 on external auditors, we bring to your attention the following provisions in Sacco Societies Act of 2008 ('the Act') and the Sacco Societies (deposit taking Sacco business) Regulations, 2010 ('the Regulations') that require to be observed by deposit taking Sacco Societies in their 2010 audit reports. These provisions include:-

- i) **Section 40 (3)** of the Sacco Societies Act, 2008 provides that the accounts and other financial records of the Sacco society shall comply with the international financial reporting standards (IFRS) and other requirements as prescribed by the Authority. In this regard, disclosures on key assets including loans/advances, investments, member deposits, and core capital as prescribed in the Regulations shall be observed. The Institute of Certified Public Accountant of Kenya (ICPAK), jointly with the Ministry, SASRA, KUSCCO and the Cooperative College has developed a financial reporting template for use by the external auditors as they prepare the audit reports. A copy of the same can be downloaded from the following websites [www.sasra.go.ke](http://www.sasra.go.ke), [www.cooperatives.go.ke](http://www.cooperatives.go.ke) and [www.icpak.com](http://www.icpak.com).
- ii) **Section 44(4a)** of the Sacco Societies Act, 2008 stipulates that external auditors are required to submit reports containing information on the solvency of the Sacco and any concerns with respect to its financial condition.
- iii) **Regulation 55** of the Sacco Societies Regulations stipulates that societies are required to submit to the Authority three (3) copies of their

audited financial statements which must comply with the provisions set out in Regulation 55(2) within 3 months after the end of the financial year before their Annual General Meetings.

- iv) **Regulation 56** of the Sacco Societies Regulations sets out the duties and responsibilities of external auditors to the Authority. The external auditor shall provide this information as part of the audit report or separately in a letter.

The 2010 audits are very important as they provide additional information and disclosures useful to the Authority in the licensing and supervision of Sacco societies. These disclosures will also assist the Board of directors in identifying necessary policy decisions for faster compliance with the new prudential regulations.

Please also be advised that all deposit taking Saccos must appoint their auditors from the list provided by SASRA and that Audit reports that fall short of the regulatory requirements will be repeated at the Sacco's cost and inconvenience.

Yours Sincerely,



**CARILUS ADEMBA, HSC**  
**CHIEF EXECUTIVE OFFICER**

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