



KINGDOM SACCO SOCIETY LIMITED

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SUPERVISORY COMMITTEE REPORT TO THE 26TH ANNUAL DELEGATES MEETING ON 22ND FEBRUARY 2025 AT SPORTSVIEW HOTEL KASARANI

1. Introduction:

The Supervisory Committee extends its sincere appreciation to the Office of the Patron, the Board of Directors, the delegates, the management team, and staff members for entrusting us with the responsibility to execute our mandate. Throughout the year, we have diligently undertaken the following core responsibilities:

- Reviewed the financial statements and overall financial health of the Sacco.
- Monitored the performance of the Board and management.
- Ensured compliance with relevant regulatory frameworks.
- Identified, assessed, and monitored risks affecting the Sacco.

Our objective remains to safeguard the interests of members and ensure that Kingdom Sacco operates with integrity, transparency, and accountability.

2. Governance:

Kingdom Sacco has consistently maintained a robust governance structure, which has been instrumental in ensuring stability over the past 25 years. Over the 2024 period, the Office of the Patron, the Nominating Team, the Board of Directors, and the Management Team fostered a collaborative environment that has ensured stability in the Sacco. This was significant in helping the management team and staff to work effectively.

Following the departure of the CEO, we commend the Board for handling this transition professionally and in full compliance with SASRA regulations, ensuring that the ongoing recruitment process for a suitable successor is transparent and aligned with best practices.

3. Finances and Financial Statements

In the review period of 2024, the Ministry of Cooperatives highlighted a key non-compliance with quite a number of Societies where societies are borrowing heavily from banks to pay out huge dividends and interest rates. This has become a marketing gimmick to have more members in their societies. This presents a challenge and

questions the credibility of their financial flow and financial statements. We are pleased to report that Kingdom Sacco does not engage in such practices and remains committed to sound financial management and strict adherence to regulatory requirements. This can be confirmed by the audited reports of both the internal and external auditors.

From the financial statements presented to you this year, you will notice a steady growth in our offerings. Are we where we want to be? No. The slow and steady growth is pivotal at this stage as the governance structure endeavors to build a sustainable system and structure for the society to thrive both now and into the future.

4. Compliance and Risk Management

The Society has demonstrated commendable compliance with the requirements of all relevant regulatory bodies. Our review of the staff operations, management practices, board activities, committee functions, and internal audit processes reveals a strong commitment to best practices.

Risk management continues to be a priority for the Sacco. Immediate and long-term strategies have been developed to mitigate various risks affecting operations and member interests. A key focus area remains the management of Non-Performing Loans (NPLs). We recognize that this issue is industry-wide; however, collaborative efforts between members and the Board are crucial for effective resolution.

We commend the Board and management for leveraging technology to implement a risk mitigation mechanism at the loan application stage and for proactively engaging with defaulting members to address and reduce this risk.

5. 2025 Outlook

Kingdom Sacco is our society (#KingdomSaccoNiYetu), and our strength lies in the active involvement by our members. Looking into 2025, we call for enhanced member engagement and participation in:

- Training programs on financial literacy.
- Educational forums that empower our members.
- Community-driven projects for greater social impact.

6. Conclusion

We extend our gratitude to the members, Board, management, and staff for their continued cooperation and dedication to Kingdom Sacco's growth and sustainability. With collaborative efforts, we are confident that the Sacco will continue to thrive and deliver value to all its stakeholders.