



REPUBLIC OF KENYA

PARLIAMENT  
OF KENYA  
LIBRARY



**OAG**



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

THE NATIONAL ASSEMBLY PAPERS LTD	
DATE: 25 APR 2023	DAY: TUESDAY
TABLED BY:	Hon. Kimani Ichungwah, MP Leader of the Majority Party
CLERK-AT THE TABLE:	Inzogu Mwale

**REPORT**  
**OF**

**THE AUDITOR-GENERAL**

**ON**

**INDEPENDENT ELECTORAL AND  
BOUNDARIES COMMISSION STAFF  
MORTGAGE AND CAR LOAN SCHEME**

**FOR THE YEAR  
ENDED 30 JUNE, 2022**



INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION

**IEBC STAFF MORTGAGE AND CAR LOAN SCHEME  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2022.**

IEBC STAFF MORTGAGE & CAR LOAN SCHEME

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022



## TABLE OF CONTENTS

KEY SCHEME INFORMATION AND MANAGEMENT .....	4
THE IEBC COMMISSION .....	7
CORPORATE GOVERNANCE STATEMENT .....	16
MANAGEMENT DISCUSSION AND ANALYSIS .....	18
ENVIRONMENTAL & SUSTAINABILITY REPORTING .....	21
REPORT OF THE SCHEME ADVISORY COMMITTEE.....	23
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES .....	24
REPORT OF THE CHAIRPERSON.....	26
REPORT OF THE INDEPENDENT AUDITOR.....	27
STATEMENT OF FINANCIAL PERFORMANCE.....	28
STATEMENT OF FINANCIAL POSITION.....	29
STATEMENT OF CASH FLOWS .....	30
STATEMENT OF CHANGES IN NET SCHEME ASSETS.....	31
STATEMENT OF COMPARISON OF BUDGET & ACTUAL.....	32
PROGRESS ON FOLLOW UP OF AUDIT RECOMMENDATIONS.....	50

## KEY SCHEME INFORMATION AND MANAGEMENT

### 1. Background information

The Independent Electoral and Boundaries Commission is a Constitutional body established under Article 88 of the Constitution of Kenya and is a body corporate pursuant to Article 253 of the Constitution of Kenya. As per Article 88 of the Constitution of Kenya 2010, the Commission is responsible for conducting or supervising referenda and elections to any elective body or office established by the constitution, and any other elections as prescribed by an Act of Parliament. Article 88 and IEBC Act 2011 further enumerate the mandate of the Commission to include, inter alia, continuous registration of voters, revision of the voter's roll; delimitation of constituencies and wards boundaries; regulation of political parties process; development of a code of conduct for candidates and parties and monitoring of compliance with legislation on nomination of candidates by parties.

### 2. IEBC Staff Mortgage and Car Loan General Information

The IEBC Mortgage and Car Loan Scheme was set up in March, 2017 as per the powers conferred by Sections 18, 19 and 31 of the Independent Electoral and Boundaries Commission Act, 2011 and pursuant to the Salaries and Remuneration Commission Circular No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014 on Car Loan and Mortgage Schemes for State officers and other Public Officers of Government of Kenya.

The financial year of the scheme is a period of twelve months ending on 30th June each year.

The Commission is mandated to submit its annual financial statements to the Auditor General by 30th September 2022 and a copy of the statements to the Controller of Budget, the National Treasury and the Commission of Revenue Allocation within the statutory timelines as stipulated in Section 81 of the Public Finance Management Act, 2012.

### 3. Key Management

The Commission's day-to-day activities are run by the Secretariat. The secretariat's management team was as follows:

- |     |                       |  |
|-----|-----------------------|--|
| (a) | Marjan H. Marjan      | Commission Secretary/CEO.                                    |
| (b) | Ruth Kulundu          | Deputy Commission Secretary – Operations.                    |
| (c) | Obadiah Keitany       | Deputy Commission Secretary –Support Services.               |
| (d) | Osman H. Ibrahim      | Director Finance.  |
| (e) | Lorna Agnes Onyango   | Director Human Resources and Administration.                 |
| (f) | Rasi Masudi           | Director Voter Education and Partnerships.                   |
| (g) | Dr. Catherine Kamindo | Director Research, Electoral Boundaries and Risk Management. |
| (h) | Michael Ouma          | Director Information and Communication Technology.           |
| (i) | Moses Sunkuli         | Ag. Director Voter Registration and Elections Operations.    |
| (j) | Chispine Owiye        | Director Legal Affairs and Public Affairs.                   |
| (k) | Reuben K. Chirchir    | Ag. Director Audit Risk and Compliance.                      |
| (l) | Harley K. Mutisya     | Director Supply Chain Management.                            |

## KEY COMMISSION INFORMATION AND MANAGEMENT

### 4. Scheme Advisory Committee

The following Scheme administrators held office during the financial period ended 30th June, 2022 and had direct fiduciary responsibility.

#### Members

Obadiah Keitany  
Lorna Onyango  
Dr. Eroo Mele  
Sahara Ibrahim  
Salome Oyugi  
Arnold Wekesa  
Pauline Mwangi

#### Secretariat

Mary Waruiru  
Clifford Rono  
Elizabeth Omolo  
Peter Mulele

#### Designation

Chairperson  
Vice Chairperson  
Member  
Member  
Member  
Member  
Secretary

#### Designation

Liaison Officer  
Liaison Officer  
Liaison Officer  
Liaison Officer

### 5. Fiduciary Oversight Arrangements

#### Audit Committee Activities

The Commission has in place an independent Audit Committee that is chaired by a non-executive member. The Audit Committee oversees the internal audit activity charged with the responsibility of continuous review and providing assurance on effectiveness of the Commission's Governance, Risk and Control.

#### Parliamentary Accounts Committee (PAC) activities

The Commission, in response to PAC invitation, explains any unresolved audit issues raised by the Auditor General. The Scheme has no unresolved audit matters for presentation at the Public Accounts Committee.

#### Mortgage and Car Loan Advisory Committee

The Committee oversees the Scheme on all matters related to issuance, funding and monitoring of the of the Scheme mortgages and car loans. It also reviews the staff mortgage and car loan applications and forwards the successful applications to the service provider for funding.

#### External/Statutory Audit Activities

The IEBC Mortgage and Car Loan Scheme is subjected to statutory audit by the Office of the Auditor General as required by law.

### **Budgetary Control Activities**

The Office of Controller of Budget (COB) of Kenya is an independent office established to oversee implementation of the budgets of the National and County Governments by authorizing withdrawal from public funds.

The Scheme files the required quarterly and annual budget implementation reports to the Officer of the Controller of Budget. Further, the Commission has put in place a standing committee on Budget Implementation which advises the Commission on budgetary matters.

The Scheme is committed to compliance and prudence in the management of the finances, collaborates with the relevant statutory oversight institutions and continues to undertake internal financial reviews whose outcome enables the Commission to strengthen its operational and financial systems.

### **6. Scheme Bankers**

Housing Finance Company  
Rehani House, Kenyatta Avenue  
P.O. Box 30088 - 00100  
Nairobi, Kenya.

### **7. Scheme Auditors**

The Auditor General  
Kenya National Audit Office  
Anniversary Towers  
P.O. Box 30084- 00100  
NAIROBI.

### **8. Registered Offices**

The Independent Electoral and Boundaries Commission  
Anniversary Towers, 6<sup>th</sup> Floor,  
P.O Box 45371-00100  
NAIROBI.

### **9. Principal Legal Advisor**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112-00200  
NAIROBI.

## THE IEBC COMMISSION



**Chairperson: Mr. Wafula W. Chebukati**

**Key Qualifications:**

- Master of Business Administration from Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Law Degree from the University of Nairobi.
- Post Graduate Diploma from the Kenya School of Law.
- Advocate of the High Court of Kenya.

**Experience:**

- Over 32 years' experience in legal practice specializing in litigation and dispute resolution, conveyancing, labour laws, company mergers and acquisitions, Maritime and treaties.
- Works on a full-time basis as a chairperson of the Commission.
- Chairs the Dispute Resolution Committee and the Electoral Code of Conduct Committee.

**Vice Chairperson: Ms. Juliana Whonge Cherera**



**Key Qualifications:**

- Master of Education, Leadership and Educational Management from Kenya Methodist University.
- Bachelor of Education (Arts). Honours from Kenyatta University.
- Dip. Project Management; KIM.
- Dip. Early Childhood Development Education (ECDE); KNEC.
- Strategic Leadership and Development Program; KSG.
- Senior Management Course (SMC); KSG.

**Experience:**

- Ms Cherera Has over 18 years' experience in Education and Management in the public sector.
- Before her appointment to the Commission, she worked as Chief Officer Executive in the Strategic Delivery Unit of the Mombasa County Government.
- Member of Mombasa County Emergency Household Relief and Nutrition Support Project Coordination Committee.
- Secretary to the Mombasa County Economic Recovery and Legacy Strategy.
- Member of Kenya Devolution Support Program Committee.
- Works on a full-time basis as a vice chairperson of the Commission.
- She Chairs the Voter Education, Partnerships and Stakeholders Engagement Committee.



**Commissioner: Francis M. Wanderi**

**Key Qualifications:**

- Master of Science in Management (MSc. Mgmt.); from Arthur D. Little Management Institute at Boston, USA.
- Bachelor of Education; UoN.
- Transformative Leadership and Change Management.
- Corporate Governance Course by Commonwealth Association for Corporate Governance.

**Experience:**

- Over 32 years in senior management within public and private institutions characterized by integrity and a high performance, and with a proven record of accomplishment in development and execution of strategy, people and change management and leadership and innovation toward realization of organizational objectives and visions.
- Mr. Francis M. Wanderi is a former Chairperson of EPZ and director Roots Credit Ltd.
- He Chairs Finance and Supply Chain Management Committee.

**Commissioner: Irene Cherop Masit**



**Key Qualifications:**

- Master's degree in Strategic Human Resource Management from the University of Manchester, UK.
- Bachelor of Law degree - University of Nairobi.
- Bachelor of Arts degree in Social work -University of Nairobi.
- Post Graduate Dip from Kenya School of Law.
- Member of International Certified Addiction Professional (ICAP I-Treatment; Colombo Plan Global Centre for Credentialing and Certification.
- Member of Institute of Internal Auditors (IIA).
- Advocate of the High Court of Kenya.

**Experience:**

- Ms. Irene Masit has over 25 years work experience and knowledge in Government and Non – Governmental Organizations.
- Board member, National Government Constituency Development Fund (NGCDF-BOARD);
- Former Commissioner - Interim Independent Boundaries Review Commission (I.I.B.R.C);
- Deputy Secretary - Constitution of Kenya Review Commission (C.K.R.C);
- Programmes Operations Manager -NGO Co-ordination Board;
- Chairs the Legal, Compliance and Political Party Liaison Committee and the Leadership and Integrity Committee.



**Commissioner: Prof. Abdi Yakub Guliye**

**Key Qualifications:**

- PhD in Animal Nutrition from Rowett Research Institute/ University of Aberdeen, Scotland, UK.
- Master of Science in Animal Production from University of Aberdeen, Scotland, UK.
- Bachelor of Science in Animal Production from Egerton University.

**Experience:**

- Prof. Guliye has over 28 years of university teaching experience, of which in the last 7 years he had additional administrative/ managerial roles. He also served in various Boards of Institutions/Organizations, having chaired committees such as Audit and Risk Management as well as Finance.
- Chairs the Election Operations, Research and Boundary Delimitation Committee.



**Commissioner: Mr. Justus Nyang'aya**

**Key Qualifications:**

- Master of Arts (M.A) Education from the Institute of Education, University of London (IOE), UK.
- Diploma in Leadership, Governance, Peace and Conflict Transformation from the United Nations' University -International Leadership Academy in Jordan -Amman.
- He studied educational science in Kenya and Great Britain.

**Experience:**

- Mr. Nyang'aya has over 32 years of experience in Strategic Leadership, Governance and Social Accountability Organizations.
- He was director of Lead Africa, an organisation working for the Qualification of African Managers.
- Former Country Director, Amnesty International Kenya. Amnesty Kenya's work concentrates on the prevention of forced evictions, the protection of housing rights and women's rights.
- He also worked for the Netherlands Development Organisation as well as UNESCO.
- Chairs the Information and Communication Technology Committee.



**Commissioner: Mr. Boya Molu**

**Key Qualifications:**

- Master's in Business Administration (HR Management Option), Periyar University, India.
- Bachelor of Business Administration from Karnatak University, India.
- Higher National Diploma in Human Resources Management (KNEC), IHRM Kenya.

**Experience:**

- Has over 16 years' experience in Human Resource Management and administration mainly in public sector.
- Prior to joining the Commission Mr. Molu served in various capacities at the Central Bank of Kenya (CBK) and the Judiciary in Human Resource and Administration Directorate.
- Also served as a council member of the Institute of Human Resources Management (IHRM) Kenya.
- Chairs the Human Resource, Administration and Training Committee.

## THE IEBC MANAGEMENT TEAM



**Name: CPA Marjan H. Marjan**

**CEO/Commission Secretary**

**Profession/Qualifications:**

- MBA in Strategic Management - University of Nairobi (UoN);
- BCom (Accounting Option) - (UoN);
- Certified Public Accountant (CPA-K);
- Certified Information Systems Auditor (CISA);
- Certified Internal Auditor (CIA);
- Certification in Control Self-Assessment (CCSA);
- Certified Quality Assessor (CQA);
- Practicing Member of ICPAK in good standing;
- Member of Information Systems Audit & Control Association (ISACA);
- Member of Institute Internal Auditor (IIA).



**Name: CPA Obadiah K. Keitany**

**Deputy CEO/ Deputy Commission Secretary – Support Services**

**Profession/Qualifications:**

- MBA Finance – University of Nairobi (UoN);
- BCom Insurance (UoN);
- Certified Public Accountant (CPA-K);
- Certified Internal Auditor (CIA);
- Certified Information Systems Auditor (CISA);
- Certified Public Secretary (CPS-K);
- Certified Quality Assessor (CQA);
- Post Graduate Diploma in Corporate Governance (KCA);
- Member of ICPAK in good standing;
- Member of Information Systems Audit & Control Association (ISACA);
- Member of Institute of Internal Auditors (IIA);
- Member of Institute of Certified Secretaries of Kenya.



**Name: Ruth Kulundu**

**Deputy CEO/Deputy Commission Secretary - Operations**

**Profession/Qualifications:**

- MBA –Strategic Management - (UON);
- Bachelor of Commerce BCOM - (UoN);
- Associate of Chartered Insurance Institute - ACII (London);
- Associate of Chartered Insurance Institute - AIK (Kenya);
- Associate of Chartered Institute of Arbitrators (Kenya Chapter).



**Name: CPA Osman H. Ibrahim**

**Director Finance**

**Profession/Qualifications:**

- Master's in business administration in Finance (MBA);
- Bachelor of Commerce from the University of Nairobi;
- Certified Public Accountant (CPA-K);
- Member of ICPAK in good standing;
- Member of IIA –Kenya in good standing;



**Name: Chrispine Owiye**

**Director Legal and Public Affairs.**

**Profession/Qualifications:**

- Master of Law in Law Governance and Democracy -University of Nairobi;
- Bachelor of Law degree (LLB) – Moi University;
- Post Graduate Diploma in Legal Education (Kenya School of Law);
- Certificate in Prosecution (CID Training School);
- Advocate of the High Court of Kenya;
- Member of the Law Society of Kenya;
- Commissioner for Oaths and Notaries Public;
- Member of the International Commission of Jurists;
- Member of the International Police Association;



**Name: Dr. Catherine M. Kamindo**

**Ag. Director Research Boundaries & Development**

**Profession/Qualifications:**

- PhD Education Policy and Management- University of Durham (UK);
- Master of Education Educational Administration- Kenyatta University;
- Bachelor of Education - Kenyatta University;
- Certificate in Strategic Communication- The World Bank;
- Certificate in Management of Democratic Elections in Africa- University of South Africa;
- Professional Certificate in Electoral Processes-International Centre for Parliamentary Studies (UK);
- Full Member (FKIM) Kenya Institute of Management;
- African Union Certified Long and Short-Term Elections Observer;
- Kenya Association of Educational Administration (KAEM);
- American Political Science Association (APSA).



**Name: Moses Sunkull**

**Ag. Director Voter Registration and Electoral Operations**

**Profession/Qualifications Profession/Qualifications:**

- MBA, Strategic Management-Kenyatta University;
- Bachelor of education, Arts –Moi University;
- Diploma in Business Management- Kenya Institute of Management;
- Certificate, Management of Democratic Elections in Africa - UNISA;
- Strategic Leadership Management Course - Kenya School of Government;
- Member (KIM) Kenya Institute of Management.



**Name: Rasi Masudi**

**Director Voter Education, Partnerships & Communication**

**Profession/Qualifications:**

- Executive MBA;
- Bachelor of Science in Agricultural Economics;
- Diploma in Farm Management.



**Name: Harley Kisyula Mutisya**

**Director Supply Chain Management**

**Profession/Qualifications:**

- PHD in Business Administration (UoN);
- MBA in Procurement & Supply Chain Management (UoN);
- BCOM in Supply Chain Management (UoN);
- Diploma in Logistical Management from Cerford Institute;
- Certified Procurement and Supply Professional (CPSP-K);
- Chartered Associate (ACI Arb);
- Member Kenya Institute of Supplies Management (KISM);
- Fellow Logistics Society of Kenya;
- Member Chartered Institute of Procurement and Supply (UK);



**Name: Michael Ouma**

**Director ICT**

**Profession/Qualifications:**

- MBA, Strategic Management (UoN)
- B.Tech-Electrical & Communications Engineering–Moi University;
- Professional Scrum Master I, Scrum.org;
- Member of Information Systems Audit & Control Association (ISACA);
- Member, Kenya Institute of Management;
- Fellow, Computer Society of Kenya;



**Name: CPA Reuben Chirchir**

**Ag. Director Audit & Compliance**

**Profession/Qualifications:**

- Master's in Business Administration in Finance (MBA)- USIU;
- Bachelor of Arts, BA(Hons), Economics - University of Nairobi;
- Certified Public Accountant (CPA-K);
- Member of ICPAK in good standing;
- Member of IIA –Kenya in good standing;



**Name: Lorna A. Onyango**

**Director Human Resource & Administration**

**Profession/Qualifications:**

- Master of Business Administration (HRM);
- Post Graduate Diploma;
- Bachelor of Arts (Sociology) (UoN);
- Certificate, Human Resource Audit;
- Certificate, Payroll Management;
- Member, Institute of Human Resource Management (IHRM);

## CORPORATE GOVERNANCE STATEMENT

The Commission is accountable to the public and stakeholders through Parliament for ensuring that it complies with the highest standards of corporate governance and operational ethics. The Commission has embraced corporate governance by promoting the right corporate culture and values.

The Commission exercises reasonable care to ensure that the management of the Commission is carried out in the best interest of the citizens of Kenya. The overall management of the Commission is the responsibility of the Commissioners.

The Commission recognizes the need to conduct its affairs with integrity and in accordance with generally accepted corporate practices and internationally developed principles of corporate governance.

### **The Commission**

The size, composition and appointment of the Commission is prescribed by Article 250 of the Constitution and by the IEBC Act 2011. There were seven Commissioners who worked on a full-time basis during the year under review. Each member is appointed to serve for a single term of six years.

The Commission is well composed in terms of range and diversity of skills, knowledge, age and experience in various sectors which makes it effective and provides an appropriate skills balance for the oversight of the Commission's mandate.

### **The Commission Committees and their Responsibilities**

The Commission delegates certain functions to committees without abdicating its own responsibilities. The Commission has developed a committee structure that assists in the execution of its duties, powers and authorities. The Committees are appropriately constituted drawing membership from amongst the Commissioners with the appropriate set of skills and experience and directors co-opted from various directorates.

The Commission has in place an independent Audit Committee that is chaired by a non-executive member. It also has two independent audit committee members, from the National Treasury and Ministry of ICT and one Commissioner.

The Audit, Risk and Compliance Committee oversees the internal audit activity charged with the responsibility of continuous review and providing assurance on effectiveness of the Commission's Governance, Risk and Control.

### **Mortgage and Car Loan Advisory Committee**

During the 2021/2022 financial year, the IEBC Mortgage and Car Loan scheme was managed by the following members:

#### **Members**

Obadiah Keitany  
Lorna Onyango  
Dr. Eroo Mele  
Sahara Ibrahim  
Salome Oyugi  
Arnold Wekesa  
Pauline Mwangi

#### **Designation**

Chairperson  
Vice Chairperson  
Member  
Member  
Member  
Member  
Secretary

### **Impartiality and Independence of Members**

Every member of the Commission and employee shall perform their functions impartially and independently without influence from any person, authority or organization.

### **Disclosure of Conflict of Interests**

If a member of the Commission or an employee is directly or indirectly interested in any matter before the Commission and is present at any meeting of the Commission at which the matter is the subject of consideration, he/she shall as soon as practicable disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the matter or be counted in the quorum of the meeting during consideration of the matter.

A member or employee whose personal interest conflicts with their official duties shall in writing, declare as soon as practicable the personal interests to their supervisor or other appropriate person or body and comply with any directives given to avoid the conflict and refrain from participating in any deliberations with respect to the matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operational and Financial Performance

The IEBC Staff Mortgage and Car Loan Scheme was set up in March 2017 and provides the Commission staff with an opportunity to buy or build a house/or improve residential property using a mortgage that is affordable or buy a private car using a loan that is affordable.

The loanee is insured with group life assurance and the property insured against fire to mitigate against any risk.

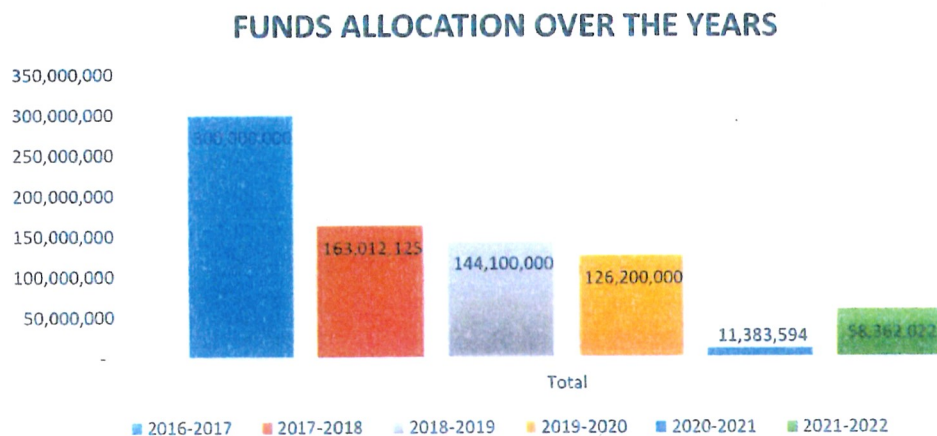
The Commission's Mortgage and Car Loan revolving scheme is currently managed by Housing Finance Corporation of Kenya.

Since inception, the scheme has received funds from the National Treasury amounting Kenya shillings eight hundred and three million, fifty seven thousand, seven hundred and forty one (Ksh.803,057,741) for both mortgage and Car Loan schemes as tabulated below;

**Table 1: National Treasury Funds Allocation over the Years.**

S/No.	Financial Year	Mortgage Scheme	Car Loan Scheme	Total
1	2016-2017	200,000,000	100,000,000	300,000,000
2	2017-2018	63,012,125	100,000,000	163,012,125
3	2018-2019	113,000,000	31,100,000	144,100,000
4	2019-2020	121,000,000	5,200,000	126,200,000
5	2020-2021	9,583,594	1,800,000	11,383,594
6	2021-2022	58,362,022	-	58,362,022
<b>Total</b>		<b>564,957,741</b>	<b>238,100,000</b>	<b>803,057,741</b>

Figure 1 below show cumulative allocated funds to the IEBC Mortgage and Car Loan Scheme in financial years.



### Number of Beneficiaries

As at the end of the period under review, one hundred and seven (107) members of staff have benefited from the scheme. Seventy four (74) Commission staff have benefited from mortgages valued at Kshs. 566.823 million whereas thirty three (33) members of staff have benefited from car loans valued at Kshs. 49.330 million.

**Table 2: Number of Beneficiaries**

	No. of applications made	Successful applications
Mortgage Loan Scheme applications	97	74
Car Loan Scheme applications	37	33
<b>Total</b>	<b>134</b>	<b>107</b>

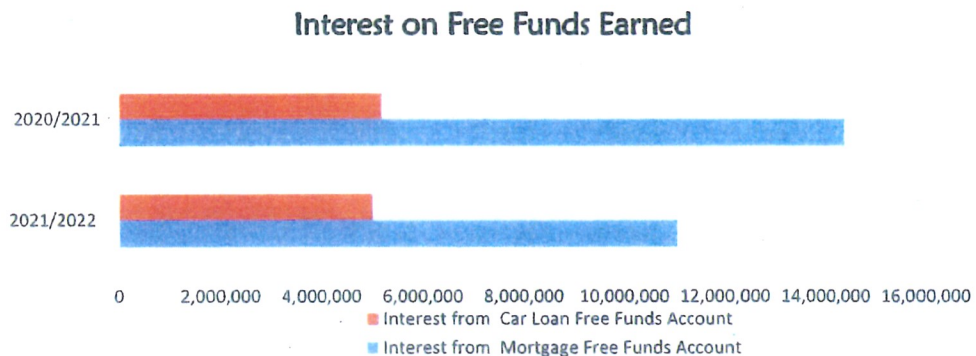
### Interest on Free Funds

As the end of 30th June 2022, the scheme had earned Kshs. 16.053 million from high interest earning bank balances as compared with Kshs 19.573 million earned in the similar period the previous year. Further, the Scheme earned interest on loans amounting Kshs.13.921 million during the 2021/2022 financial year as compared with Kshs.11.925 million earned during the previous financial year.

**Table 3: Interest on Free Funds**

Interest on Free Funds	2021/2022	2020/2021
Interest from Mortgage Free Funds Account	11,047,519	14,378,894
Interest from Car Loan Free Funds Account	5,005,850	5,193,749
<b>Total</b>	<b>16,053,370</b>	<b>19,572,643</b>

**Figure 2 below shows Interest on Free Funds**



## Compliance with Statutory Requirements

The Scheme complied with its tax obligations and all its statutory obligations in the implementation of its mandate.

## Key Projects and Investment

The Commission has continued to invest in the mortgage and car loan schemes for the staff. This is intended to provide affordable housing for the staff while at the same time facilitating the staff to conveniently commute to and from work.

## Risk Management Activities

The Commission has put in place a risk management framework for risk identification and mitigation. Further, it has embedded risk management in all its planning, execution, evaluation and business continuity arrangements.

### Some of the key risks facing the Scheme include:

- **Strategic Risks:** These are risks that affect the ability to carry out the long-term goals and objectives as articulated in the Scheme Policy.
- **Compliance Risks:** These are risks associated with non-compliance with applicable laws and regulations which could result in litigation and conflicts of interest.
- **Financial Risks:** The risk of financial loss that may include ineffectiveness of internal controls, inadequate funding, inability to service the loans and delay in financial reporting due reliance on third party financial information. The delayed funding may also result in the commission's inability to fund all the applications hence the delay in issuing of loans and acquisition of the properties.
- **Operational Risks:** The risk of direct or indirect loss or inability to provide core services, especially to stakeholders, resulting from inadequate or failed internal processes, resources and systems.

## Statutory and Financial Obligations

In the period under review, the scheme was able to satisfy all the applications, except where the necessary information to support compliance and due diligence was not available. Further, the Commission complied with all the necessary laws and regulations applicable in the management of the funds.

## Financial Probity and Governance

To obtain assurance on compliance and prudence in the management scheme finances, the Commission prepares the financial statements for the Mortgage and Car Loan Scheme which are be subjected to both internal and external audit. The audit findings and recommendations enable the Commission to strengthen the Scheme operational and financial systems.

To obtain assurance on compliance and prudence in the management of the Scheme finances, the Commission has collaborated with the relevant statutory oversight bodies and continues to undertake internal financial reviews whose outcome enables the Commission to strengthen its operational and financial systems.

## ENVIRONMENTAL & SUSTAINABILITY REPORTING

The Independent Electoral and Boundaries Commission is a credible electoral management body that strives to meet the democratic aspirations of the people of Kenya.

Our Mission is to conduct transparent, efficient, and impartial elections; and undertake boundary delimitation for equitable representation and sustainable democracy.

In its endeavors to achieve its mandate, the Commission is guided by the following principles and core values:

- Adherence to the rule of law - We conduct our businesses within the law.
- Inclusivity - We respect gender, race, class and disability in the conduct of electoral activities.
- Integrity - We conduct our affairs with utmost honesty.
- Accountability - We endeavor to be responsible for our actions.
- Teamwork - We work collaboratively as colleagues to achieve Commission goals.
- Innovativeness - We transform the electoral process by exceeding the expectations of Kenyans.

### **i. Sustainability strategy and profile**

The Independent Electoral and Boundaries Commission is a Constitutional body established under Article 88 of the Constitution of Kenya and is a body corporate pursuant to Article 253 of the Constitution of Kenya.

The Constitution of Kenya 2010, IEBC Act 2011 and the Elections 2011 have been the greatest sustainability pillars of the Commission and the achievements of its mandate. The National Assembly has enacted and or amended several Statutes that enable the Commission to carry out its mandate. The role played by the State and Non-State Stakeholders and Partners in the election process have sustained the operations and the implementation of the key commission strategies.

To effectively sustain its operations, the Commission has put in place structures, strategies, policies and procedures to support its operations. In the achievement of its mandate, the commission has anchored its operations and strategy in three main pillars: Managing of elections, institutional transformation and enhancing of public trust.

The Commission, over the years has developed well-trained and experienced staff on matters election operations and technology. To this end, it has received benchmarking delegations from Africa and beyond. Further, it has well established structures in its county and constituency offices spread across country.

### **ii. Employee welfare**

The Commission policy on recruitment ensures the Commission's commitment to ensuring that the one third-gender rule is observed as well promotes affirmative action to ensure diversity in the workplace. The Commission's Shortlisting and Interview Guidelines ensure that recruitment processes are geared towards observing and promoting regional and gender balance.

The Commission has a robust Performance Management System (PMS) that include Target Setting and the Annual Performance Appraisals. The Commission also recommend honors, awards, and issues commendation letters in recognition of exemplary performance.

**iii. Market place practices**

The Commission operates in an environment with a wide range of risk profiles, making free and fair election competitive focus in a very competitive elective political environment. Election code of conduct provides the commission and the public with details of malpractices that may impair competitive elections. It provides guidelines, addressing such issues as election fraud, bribery, violence, conflicts of interest, among other election irregularities.

The Commission has consistently applied the most competitive procurement method based on the prevailing procurement laws and regulation with emphasis on maximizing value for money and equity in the procurement processes. The Commission also conducts due diligence on third parties to ensure that it engages the right supplier in its procurement.

The Commission has established responsible supplier relationship by strict compliance to the public procurement and asset disposal processes and principles as laid down in the public procurement and asset disposal legislative framework. Further, the Commission has enhanced its communication as a tool in bettering the management of the existing suppliers. The use of online procurement modules has further enhanced efficiency hence increased trust in our procurement process. This has made suppliers to have a better understanding of the Commission's business goals.

## REPORT OF THE SCHEME ADVISORY COMMITTEE

The Scheme Advisory Committee submit their report together with the financial statements for the year ended June 30, 2022, which show the state of the Scheme affairs.

### Principal activities

The objective of the IEBC Mortgage and Car Loan Scheme is to empower Commission staff to benefit from Government funded loans to access mortgage facilities and purchase cars for non-commercial use. It is expected that the scheme will continue to motivate and contribute towards attraction and retention of requisite skills in the Commission.

The principal activities of the IEBC Staff Mortgage and Car Loan Scheme are to;

- Facilitate the purchase existing residential property;
- Facilitate the purchase land and construct residential property;
- Construct, renovate and improve existing residential property;
- Takeover loans on existing mortgages;
- Provide equity release;
- Purchase cars; and
- Take-over of existing car loans and mortgages.

### Performance

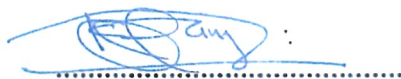
The performance of the Scheme for the year ended June 30, 2022, is set out on pages 18,19 and 28.

### Trustees

The members of the Scheme Advisory Committee who served during the year are shown on page 5.

### Auditors

The Office of the Auditor General is responsible for the statutory audit of the Scheme in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



**Chairperson -IEBC Mortgage and Car Loan Scheme Advisory Committee**

## STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Scheme established by IEBC Staff Mortgage Regulations, 2016 and IEBC Staff Car Loan Scheme Regulations, 2016 shall prepare financial statements for the Scheme in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Scheme is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the financial year ended on June 30, 2022.

This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the scheme, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the scheme; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Scheme accepts responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and IEBC Staff Mortgage Regulations, 2016 and IEBC Staff Car Loan Scheme Regulations, 2016. The Administrator of the Scheme is of the opinion that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the financial year ended June 30, 2022, and of the Scheme's financial position as at that date.


The Administrator further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Scheme has assessed the Scheme's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Scheme will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Scheme's financial statements were approved by the Commission and signed on its behalf by:



W.W. Chebukati  
Chairperson



Marjan H. Marjan  
Commission Secretary

## REPORT OF THE CHAIRPERSON

It gives me great pleasure to present the Commission's Staff Mortgage and Car Loan Scheme annual financial statements.

Staff welfare is a major concern for robust Commission culture. In this respect, the Commission has continued to implement the Staff Mortgage and Car Loan schemes in line with Government regulations.

In the 2021/2022 financial year, the Commission was allocated Kshs.58.362 million to finance the staff mortgage scheme. No provision was made for the Car Loan Scheme due to the budget constraints. Since inception, a total of hundred and seven (107) members of staff have benefited from the mortgage and car loan schemes.

The Commission ensured prudent financial management and reporting in line with Public Finance Management Act (PFMA) 2012, Government Financial Regulations, 2015 and International Public Sector Accounting Standards (IPSAS) resulting in efficient and effective administration of the Scheme.

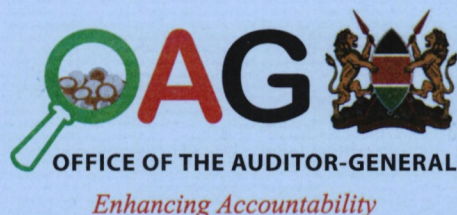
I encourage all staff members to optimally utilize the facility for improvement of their welfare and to remain resilient and focused in the performance of the Commission mandate.

My gratitude goes out to the National Government, the National Treasury, Parliament, the Judiciary, other Commissions and Independent Offices, fellow Commissioners and the staff of the Commission for their support towards fulfilling our mandate.

  
W.W. Chebukati  
Chairperson

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2022**

---

### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme set out on pages 28 to 50, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net schemes assets, statement of cash flows and statement of comparison of budget and actual amount for the year then ended, and significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Scheme's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Scheme or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance

with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Scheme's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of


changes in conditions, or that the degree of compliance with the Scheme's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Scheme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

31 January, 2023

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30TH JUNE, 2022

	Note	2021/2022 Unaudited Kshs 000	2020/2021 Audited Kshs 000
<b>Revenue</b>			
Interest on Free Funds	1	16,053	19,573
Interest on Loans	2	13,921	11,925
<b>Total Revenue</b>		<b>29,975</b>	<b>31,497</b>
<b>Expenses</b>			
Use of Goods & Services - Administrative costs	3	(13,921)	(11,925)
Taxes on Interest Earned	4	(2,408)	(2,936)
<b>Total Expenses</b>		<b>(16,329)</b>	<b>(14,860)</b>
<b>Surplus for the Year</b>		<b>13,645</b>	<b>16,637</b>

The significant accounting policies and notes to the financial statements on page 33 to 49 form an integral part of these annual financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE, 2022			
	Note	2021/2022 Unaudited Kshs 000	2020/2021 Audited Kshs 000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	411,827	377,201
Current Repayments Due	6	24,324	11,988
		<b>436,151</b>	<b>389,189</b>
<b>Non-Current assets</b>			
Long Term Repayments Due	7	473,397	448,352
<b>Total Assets</b>		<b>909,548</b>	<b>837,540</b>
<b>Current Liabilities</b>			
Taxes Payable	8	-	-
<b>Total Liabilities</b>		-	-
<b>Net Scheme Assets</b>		<b>909,548</b>	<b>837,540</b>
<b>Represented by:</b>			
Mortgage Revolving Fund		714,958	656,596
Car Loan Revolving Fund		114,194	114,194
Mortgage Reserves		48,219	38,829
Car Loan Reserves		32,177	27,922
<b>Net Scheme Assets</b>		<b>909,548</b>	<b>837,540</b>

The significant accounting policies and notes to the financial statements on page 33 to 49 form an integral part of these annual financial statements.

The financial statements from page 28 to 32 were approved and authorized by the Commission and signed on its behalf by:

  
 .....  
**Marjan H. Marjan**  
**ICPAK M/No. 2786**  
**Commission Secretary**

  
 .....  
**Osman H. Ibrahim**  
**ICPAK M/ No. 2544**  
**Director Finance**

  
 .....  
**W.W. Chebukati**  
**Chairperson**

## STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30TH JUNE, 2022			
	Note	2021/2022 Unaudited Kshs 000	2020/2021 Audited Kshs 000
<b>Cash flows from Operating Activities:</b>			
<b>Receipts</b>			
Interest received		16,053	19,573
Other Income		13,921	11,925
<b>Total Receipts</b>		<b>29,975</b>	<b>31,497</b>
<b>Payments</b>			
Scheme Administrative costs		(13,921)	(11,925)
Taxes on Interest Earned		(2,408)	(2,936)
<b>Total Payments</b>		<b>(16,329)</b>	<b>(14,860)</b>
<b>Net Cash Flow from Operating Activities</b>		<b>13,645</b>	<b>16,637</b>
<b>Changes in Working Capital:</b>			
(Increase)/Decrease in Short Term Receivables	7	(12,336)	(6,165)
Increase/(Decrease) in Tax Payables	9	-	-
<b>Net Cash Flow from Operating Activities</b>		<b>(12,336)</b>	<b>(6,165)</b>
<b>Cash flows from Investing Activities:</b>			
Long Term Receivables	8	(25,045)	(56,692)
<b>Net Cash Flow from Investing Activities</b>		<b>(25,045)</b>	<b>(56,692)</b>
<b>Cash flows from Financing Activities:</b>			
Receipts into the Mortgage Revolving Fund	10	58,362	9,584
Receipts into the Car Loan Revolving Fund	10	-	1,800
<b>Net Cash Provided by Financing Activities</b>		<b>58,362</b>	<b>11,384</b>
Net Increase in Cash & Cash Equivalent		34,626	(34,836)
Cash & Cash Equivalent at Beginning	6	377,201	412,037
<b>Cash &amp; Cash Equivalents at the End</b>		<b>411,826</b>	<b>377,201</b>

The significant accounting policies and notes to the financial statements on page 33 to 49 form an integral part of these annual financial statements.

## STATEMENT OF CHANGES IN NET SCHEME ASSETS

FOR THE PERIOD ENDED 30TH JUNE, 2022					
	Mortgage Fund	Car Loan Fund	Mortgage Reserve	Car Loan Reserve	Total
	KShs. 000	KShs. 000	KShs. 000	KShs. 000	KShs. 000
<b>Balance as at 30th June 2016</b>	-	26,094	-	-	26,094
Surplus for the Year	-	-	2,492	1,775	4,267
National Treasury Funding	200,000	100,000	-	-	300,000
<b>Balance as at 30th June 2017</b>	<b>200,000</b>	<b>126,094</b>	<b>2,492</b>	<b>1,775</b>	<b>330,361</b>
Surplus for the Year	-	-	8,417	7,999	16,417
National Treasury Funding	63,012	100,000	-	-	163,012
<b>Balance as at 30th June 2018</b>	<b>263,012</b>	<b>226,094</b>	<b>10,909</b>	<b>9,774</b>	<b>509,789</b>
Surplus for the Year	-	-	6,524	10,307	16,830
Inter-fund transfers	150,000	(150,000)	-	-	-
National Treasury Funding	113,000	31,100	-	-	144,100
<b>Balance as at 30th June 2019</b>	<b>526,012</b>	<b>107,194</b>	<b>17,433</b>	<b>20,081</b>	<b>670,720</b>
Surplus for the Year	-	-	9,174	3,426	12,600
National Treasury Funding	121,000	5,200	-	-	126,200
<b>Balance as at 30th June 2020</b>	<b>647,012</b>	<b>112,394</b>	<b>26,607</b>	<b>23,507</b>	<b>809,520</b>
Surplus for the Year	-	-	12,222	4,415	16,637
National Treasury Funding	9,584	1,800	-	-	11,384
<b>Balance as at 30th June, 2021</b>	<b>656,596</b>	<b>114,194</b>	<b>38,829</b>	<b>27,922</b>	<b>837,540</b>
Surplus for the Year	-	-	9,390	4,255	13,645
National Treasury Funding	58,362	-	-	-	58,362
<b>Balance as at 30th June, 2022</b>	<b>714,958</b>	<b>114,194</b>	<b>48,219</b>	<b>32,177</b>	<b>909,548</b>

The significant accounting policies and notes to the financial statements on page 33 to 49 form an integral part of these annual financial statements.

## STATEMENT OF COMPARISON OF BUDGET & ACTUAL

### BUDGET EXECUTION STATEMENT AS AT 30TH JUNE, 2022

Item	Budget	Actual	Performance
Receipts	KShs '000	KShs '000	KShs '000
Housing Loans to Public Servants	58,362	58,362	100%
Car Loans to Public Servants	-	-	0%
<b>Total Receipts</b>	<b>58,362</b>	<b>58,362</b>	<b>100%</b>
Housing Loans to Public Servants	58,362	58,362	100%
Car Loans to Public Servants	-	-	0%
<b>Total Payments</b>	<b>58,362</b>	<b>58,362</b>	<b>100%</b>

The significant accounting policies and notes to the financial statements on page 33 to 49 form an integral part of these annual financial statements.

# SIGNIFICANT ACCOUNTING POLICIES

For the Year Ended 30<sup>th</sup> June, 2022

## 1. IEBC Mortgage and Car Loan Scheme General Information

The IEBC Mortgage and Car Loan Scheme is established by and derives its authority and accountability from IEBC Staff Mortgage Regulations, 2016 and IEBC Staff Car Loan Scheme Regulations, 2016. The Scheme is wholly owned by the Government of Kenya and is domiciled in Kenya. The Scheme's principal activity is to provide the Commission staff with an opportunity to buy or build a house/or improve residential property using a mortgage that is affordable or buy a private car using a loan that is affordable.

## 2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the IEBC Mortgage and Car Loan Scheme.

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

## SIGNIFICANT ACCOUNTING POLICIES

For the Year Ended 30<sup>th</sup> June, 2022

### 3. Adoption of New and Revised Standards

#### i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

#### ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2022.

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of the Scheme's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between the Scheme's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
Amendments to Other IPSAS resulting from IPSAS 41.	<b>Applicable: 1st January 2023:</b> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ol>

Standard	Effective date and impact:
Financial Instruments	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <b>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</b> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <b>IPSAS 39: Employee Benefits</b> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Scheme.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

Standard	Effective date and impact:
	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

**iii. Early adoption of standards**

The Scheme did not early – adopt any new or amended standards in the year 2021/2022.

**4. Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Scheme and can be measured reliably.

**ii) Revenue from exchange transactions**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

**b. Budget information**

The original budget for FY 2021/2022 was approved in June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Scheme upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Scheme recorded additional appropriations of Kshs.58.362 Million for the FY 2021/2022 budget following the governing body's approval. The Scheme's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements.

## SIGNIFICANT ACCOUNTING POLICIES

### For the Year Ended 30<sup>th</sup> June, 2022

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

#### **c. Property, plant, and equipment (PPE)**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Scheme recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

#### **d. Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

## SIGNIFICANT ACCOUNTING POLICIES

For the Year Ended 30<sup>th</sup> June, 2022

### e. Financial instruments

#### 1) Financial assets

##### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Scheme determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### *Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Scheme has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, with less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

## SIGNIFICANT ACCOUNTING POLICIES

For the Year Ended 30<sup>th</sup> June, 2022

### *Impairment of financial assets*

The Scheme assesses at each reporting date whether there is objective evidence that a financial asset or a Scheme of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Scheme is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (*an incurred 'loss event'*) and that loss event has an impact on the estimated future cash flows of the Scheme that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the Scheme are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payments.
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

### **2) Financial liabilities**

#### *Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Scheme determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

## SIGNIFICANT ACCOUNTING POLICIES

For the Year Ended 30<sup>th</sup> June, 2022

### f. Contingent liabilities

The Scheme does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

### g. Contingent assets

The Scheme does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Scheme in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

### h. Nature and purpose of reserves

The Scheme creates and maintains reserves in terms of specific requirements.

### i. Changes in accounting policies and estimates

The Scheme recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

### j. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

## SIGNIFICANT ACCOUNTING POLICIES

For the Year Ended 30<sup>th</sup> June, 2022

**k. Related parties**

The Scheme regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Scheme, or vice versa. Members of key management are regarded as related parties and comprise the Directors/Trustee, the Scheme Managers, and Scheme Accountant.

**l. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**m. Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**n. Events after the reporting period**

There were no material adjusting and non-adjusting events after the reporting period.

**o. Ultimate and Holding Scheme**

The Scheme is established under Section 24 (4) PFM Act and the IEBC Staff Mortgage Regulations, 2016 and IEBC Staff Car Loan Scheme Regulations, 2016. Its ultimate parent is the Government of Kenya.

**p. Currency**

The financial statements are presented in Kenya Shillings (Kshs.).

## SIGNIFICANT ACCOUNTING POLICIES

For the Year Ended 30<sup>th</sup> June, 2022

### 5. Significant judgments and sources of estimation uncertainty

The preparation of the Scheme's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Scheme. Such changes are reflected in the assumptions when they occur.

#### b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i) The condition of the asset is based on the assessment of experts employed by the Scheme.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funding to replace the asset.
- v) Changes in the market in relation to the asset.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30<sup>th</sup> June, 2022

### 1. Interest on Free Funds

Description	2021/2022	2020/2021
	Unaudited Shs 000	Audited Shs 000
Interest from Mortgage Free Funds Account	11,048	14,379
Interest from Car Loan Free Funds Account	5,006	5,194
<b>Total</b>	<b>16,053</b>	<b>19,573</b>

### 2. Interest on Free Funds

Description	2021/2022	2020/2021
	Unaudited Shs 000	Audited Shs 000
Interest on Mortgage Loans	13,067	11,075
Interest on Car Loans	854	849
<b>Total</b>	<b>13,921</b>	<b>11,925</b>

### 3. Use of Goods and Services

Description	2021/2022	2020/2021
	Unaudited Shs 000	Audited Shs 000
Mortgage Administration Costs	13,067	11,075
Car Loan Administration Costs	854	849
<b>Total</b>	<b>13,921</b>	<b>11,925</b>

### 4. Tax Costs on Interest Earned

Description	2021/2022	2020/2021
	Unaudited Shs 000	Audited Shs 000
Tax Costs on Mortgage Interest	1,657	2,157
Taxes on Car Scheme Interest	751	779
<b>Income Tax Expense</b>	<b>2,408</b>	<b>2,936</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30<sup>th</sup> June, 2022

### 5. Cash & Cash Equivalents

Description	2021/2022	2020/2021
	Unaudited Shs 000	Audited Shs 000
HFCK IEBC Mortgage A/c -2172923102	237,461	266,716
HFCK IEBC Car Loan A/c -2172923103	116,003	110,484
KCB IEBC University Way A/c - 1117602532	58,362	-
<b>Total</b>	<b>411,827</b>	<b>377,201</b>

As at the end of the year under review, the Commission had set aside 2021/2022 Financial Year funds amounting Kshs.58.362 Million at KCB Bank Account.

These funds have been earmarked for use as seed capital for the KCB Mortgage and Car Loan scheme in 2022/2023 financial year.

### 6. Current Receivables from Exchange Transactions

Description	2021/2022	2020/2021
	Unaudited Shs 000	Audited Shs 000
<b>Current Receivables:</b>		
Opening Balance	11,988	5,823
Repaid Mortgage Capital	(8,557)	(4,934)
Repaid Car Loan Capital	(3,431)	(889)
Current Mortgage Repayments Due	19,647	8,557
Current Car Loan Repayments Due	4,677	3,431
<b>Total</b>	<b>24,324</b>	<b>11,988</b>

### 7. Long Term Receivables from Exchange Transactions

Description	2021/2022	2020/2021
	Unaudited Shs 000	Audited Shs 000
<b>Non-Current Receivables:</b>		
Long Term Mortgage Repayments Due	447,707	420,151
Long Term Car Loan Repayments Due	25,690	28,201
<b>Total</b>	<b>473,397</b>	<b>448,352</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30<sup>th</sup> June, 2022

### 8. Tax Payable

Description	2021/2022	2020/2021
	Unaudited Shs 000	Audited Shs 000
Tax Payable on Mortgage Interest accrued	-	-
Taxes Payable on Car Loan Interest accrued	-	-
<b>Total</b>	-	-

### 9. No. of Beneficiaries

The following table provides the number of beneficiaries from the Schemes creation date:

Description	2021/2022	2020/2021
	Unaudited	Audited
Staff who have benefited from Mortgage Fund	74	65
Staff who have benefited from Car Loan Fund	33	28
<b>Total</b>	<b>107</b>	<b>93</b>

### 10. Mortgage and Car Loans Issued

As at the end of period under review, the value of mortgages and car loans issued to staff since inception were as disclosed below:

Description	2021/2022	2020/2021
	Unaudited	Audited
Mortgage Loan	566,823	506,167
Car Loans	49,330	51,990
<b>Total</b>	<b>616,153</b>	<b>558,157</b>

### 11. Entity Tax Status

The IEBC Mortgage and Car Loan Scheme is a government agency, fully funded by the government and is therefore tax exempt. The Commission pays taxes on interest income as per the regulations.

### 12. Subsequent Events

The Commission is not aware of any matter or circumstances arising after the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position and the results of its operations as laid out in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30<sup>th</sup> June, 2022

### 13. Financial risk management

The Scheme's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Scheme's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Scheme does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

**The Scheme's financial risk management objectives and policies are detailed below:**

#### a) Credit risk

The Scheme has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Scheme's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Scheme's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Scheme has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of trustees sets the Scheme's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30<sup>th</sup> June, 2022

### b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Scheme Administrator, who has built an appropriate liquidity risk management framework for the management of the Scheme's short, medium, and long-term funding and liquidity management requirements. The Scheme manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

### c) Market risk

The Commission has put in place an internal audit function to assist it in assessing the risk faced by the Scheme on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates, which will affect the Scheme's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Commission's Audit and Risk Management Committee.

The Scheme's Finance Department is responsible for the development of detailed risk management policies subject to review and approval by the Audit and Risk Management Committee and for the day-to-day implementation of those policies.

There has been no change to the Scheme's exposure to market risks or the manner in which it manages and measures the risk.

### d) Interest rate risk

Interest rate risk is the risk that the Scheme's financial condition may be adversely affected as a result of changes in interest rate levels. The Scheme's interest rate risk arises from bank deposits. This exposes the Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Scheme's deposits.

### Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favorable interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30<sup>th</sup> June, 2022

### e) Capital risk management

The objective of the Scheme's capital risk management is to safeguard the Scheme's ability to continue as a going concern. The Scheme capital structure comprises of the following funds:

Description	2021/2022	2020/2021
<b>Capital Risk Management</b>	<b>Unaudited</b>	<b>Audited</b>
Revolving fund -Mortgage Scheme	714,958	656,596
Revolving fund - Car Loan Scheme	114,194	114,194
Accumulated surplus -Mortgage Scheme (Reserves)	48,219	38,829
Accumulated surplus -Car Loan Scheme (Reserves)	32,177	27,922
<b>Total Funds</b>	<b>909,548</b>	<b>837,540</b>
Less: cash and bank balances	411,827	377,201
Net debt	-	-
<b>Gearing (Net debt/Excess cash &amp; cash equivalents)</b>	<b>0%</b>	<b>0%</b>

### 14. Related party balances

#### a) Nature of related party relationships

Entities and other parties related to the Scheme include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The IEBC Mortgage and Car Loan scheme is related to the following entities:

- a) National Treasury (National Government);
- b) Independent Electoral and Boundaries Commission (IEBC);
- c) IEBC Key management;
- d) Mortgage and Car Loan Advisory Committee;

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30<sup>th</sup> June, 2022

### b) Related Party Transactions

#### i. Transfers from Related Parties

Description	2021/2022	2020/2021
	Unaudited	Audited
Transfers from National Treasury	58,362	11,384
<b>Total</b>	<b>58,362</b>	<b>11,384</b>


#### ii. Key Management Remuneration

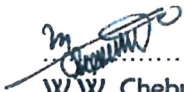
Description	2021/2022	2020/2021
	Unaudited	Audited
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The Scheme advisory members and liaison officers are permanent staff drawn from various directorates of the Commission and did not receive any form of remuneration and/ sitting allowances in the 2021/2022 financial year.

## PROGRESS ON FOLLOW UP OF AUDIT RECOMMENDATIONS

The IEBC Staff Mortgage and Car Loan Scheme did not have any audit follow up issues for the previous financial years.

  
.....  
**Marjan H. Marjan**  
**ICPAK M/ No. 2786**  
**Commission Secretary**

  
.....  
**W.W. Chebukati**  
**Chairperson**