

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

**REPORT**

**DATE:** 07 NOV 2024

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BY:

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Hon. KIMANI CHUNGWA

**OF**

CLERK-AT  
THE-TABLE:

MS. MERCI CHUMO

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**ETHICS AND ANTI-CORRUPTION  
COMMISSION STAFF HOUSE MORTGAGE AND  
CAR LOAN SCHEME**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



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**ETHICS AND ANTI-CORRUPTION COMMISSION**

**STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2024**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)**



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## **1. Acronyms and Definition of Key Terms**

### **A. Acronyms**

EACC	Ethics and Anti-Corruption Commission
CEO	Chief Executive Officer
IPSAS	International Public Sector Accounting Standards
OAG	Office of the Auditor General
PFM	Public Finance Management
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
IPSASB	International Public Sector Accounting Standards Board
SRC	Salaries and Remuneration Commission
CSR	Corporate Social Responsibility

### **B. Definition of Key Terms**

**Fiduciary management-** Members of management entrusted directly with the responsibility and trust for the organisation financial resources.

**Comparative Year-** Means the prior period.

## **2. Key Fund Information and Management**

### **a) Background information**

Ethics & Anti-Corruption Commission (EACC) Staff House Mortgage and Car Loan Fund was established by and derives its authority and accountability from the provisions under Section 84(1), Section 24 (4) (5) (6) (7) of the PFM Act, 2012 and Section 127 (1) (2) of the PFM (National Government) Regulations, 2015.

The EACC Staff House Mortgage and Car Loan Fund was established in the financial year 2016-2017 as a revolving fund pursuant to the Salaries and Remuneration Commission (SRC) Circular ref No. SRC/ADM/CIR/1/13 Vol. III (128) of 17<sup>th</sup> December 2014 on Mortgage and Car Loan Schemes for State Officers and other Public Officers of Government of Kenya, with the objective of providing a loan scheme for the purpose of acquisition of motorcar and residential property for staff.

The Fund is wholly owned by Ethics & Anti-Corruption Commission (EACC) and is domiciled in Kenya.

### **b) Principal Activities**

The principal activity of the fund is to provide:

- (i) Mortgage loans to EACC staff for the sole purpose of:
  - a) Purchasing an existing residential property;
  - b) Purchase of land and construction;
  - c) Construction, renovation and/or improvement of existing residential property or existing plot/land;
  - d) Takeover loans on existing mortgages or equity release on existing mortgage property(s)
- (ii) Car loans for acquisition of motor cars for personal use by EACC staff.

The Fund is administered by the EACC Staff Mortgage and Car Loan Advisory Committee. The committee is charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

The Fund administrator is responsible for the day-to-day operations of the Scheme assisted by the EACC Staff Mortgage and Car Loan Advisory Committee. The Fund has also engaged professional service providers from the Housing Finance and KCB Bank Limited.

**c) The Commission**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Chairperson	David Oginde, PhD, FCS
2	Commissioner	Dr. Monica Muiru, PhD, MBS
3	Commissioner	Col. (Rtd) Alfred Mshimba, MBS
4	Commissioner	Dr. Cecilia Mutuku, PhD, CHRP, CPS-K
5	Commissioner	CPA John Ogallo
6	Secretary to the Commission	Twalib Mbarak, MGH, CBS

**d) Key Management**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Fund Administrator	Mr. Twalib Mbarak, MGH, CBS Secretary/Chief Executive Officer
2	Fund Accountant	CPA Joel I. Mukumu, OGW Director, Finance and Planning
3.	Staff Mortgage and Car Loan Advisory Committee	Mr. David Too, OGW Director, Legal Services & Asset Recovery/ Committee Chairperson
4	Staff Mortgage and Car Loan Advisory Committee	Ms. Ellyjoy G. Bundi, HSC Deputy Director, Human Resource Management/ Secretary
5	Staff Mortgage and Car Loan Advisory Committee	Mr. Abdi A. Mohamud, MBS Deputy Chief Executive Officer/ Member
6	Staff Mortgage and Car Loan Advisory Committee	Mr. Vincent O. Okong'o, MBS ndc (k), Director, Preventive Services/ Member
7	Staff Mortgage and Car Loan Advisory Committee	Mr. Jackson K. Mue, OGW Director, Field Services & Coordination/ Member
8	Staff Mortgage and Car Loan Advisory Committee	Mr. Paschal Mweu, OGW Director, Investigations/ (Nominated Member)
9	Staff Mortgage and Car Loan Advisory Committee	FCPA John Lolkoloi, OGW Director, Ethics & Leadership/ Member

**e) Fiduciary Oversight Arrangements**

Ref	Position	Name
1.	Risk & Audit Committee	Mr. Lawrence Nyallo (Independent Chairperson)
2.	Commissioner	Dr. Monica Muiro, PhD, MBS
3.	Commissioner	Col. (Rtd) Alfred Mshimba, MBS
4.	Commissioner	Dr. Cecilia Mutuku, PhD, CHRP, CPS-K
5.	Commissioner	CPA John Ogallo
6.	Deputy Director, Internal Audit	Mr. Hassan Kidzuga
7.	Risk & Audit Committee	Mr. John Matagaro (The National Treasury Representative)

**f) Registered Offices**

Integrity Centre  
Jakaya Kikwete/Valley Road Junction  
P.O. Box 61130  
City Square 00200  
Nairobi, Kenya

**g) Fund Contacts**

Headquarters, Nairobi  
Integrity Centre  
Jakaya Kikwete /Valley Road Junction  
P. O. Box 61130  
City Square 00200,  
Nairobi, Kenya  
Tel: (254) (020) 4997000  
Mobile: 0709 781000; 0730 997000  
Email address: [eacc@integrity.go.ke](mailto:eacc@integrity.go.ke)

**h) Fund Bankers**

Kenya Commercial Bank  
P.O. Box 69695-00400  
Agip House  
Nairobi, Kenya

Housing Finance Company  
Kenyatta Avenue  
P.O. Box 30088  
GPO 00100  
Nairobi, Kenya

**i) Independent Auditors**

Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**j) Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

### 3. The Commission



Ref	Commission Members	Details
1.	 <p><b>David Oginde, PhD, FCS</b> <b>Chairperson</b> Doctor of Philosophy in Organisational Leadership from Regent University USA, Master of Arts in Leadership from PAC University, and Bachelor of Architecture from the University of Nairobi.</p>	<p><b>Chairperson and Independent Commissioner</b></p> <p>Born in the year 1959, and joined the Commission in April, 2023. He is currently the University Council Chairman of the Mama Ngina University College (MNUC). He is also the Chairman of the Evangelical Alliance of Kenya (EAK), and the Vice-Chair of the Association of Evangelicals in Africa (AEA). A renowned and distinguished leader with specialization in leadership and governance. He has published several books and written articles in various leadership journals and is the founder of The CATALEAD Associates, a leadership development firm and runs the popular Leadership Forum on Hope FM.</p>
2.	 <p><b>Dr. Monica Muiru, PhD, MBS</b> <b>Vice-Chairperson</b> Doctor of Philosophy in Business &amp; Management from Egerton University, Master Degree in Accounting and Finance, Bachelor of Commerce Degree in Business Administration from University of Nairobi.</p>	<p><b>Vice Chairperson and Independent Commissioner</b></p> <p>Born in the year 1965; She is a trained, experienced and internationally exposed business professional and academic scholar with many years of experience in accounting, finance and management.</p> <p>She previously served as a lecturer at Egerton University and worked at Kenya Broadcasting Corporation (KBC), East African Standard, Mellon Bank in Pittsburgh USA and Motient Corporation, Reston, Virginia, USA.</p> <p>In addition, a fellow of the Chartered Institute of Marketing, a member of Zonta International and an Associate member of the American Chartered Institute of Accounting.</p> <p>She chairs Support Services Committee.</p>




<p>3.</p>	 <p><b>Col. (Rtd) Alfred Mshimba, MBS Commissioner</b></p> <p>Master of Business Administration in Strategic Management from the University of Nairobi and a Bachelor’s Degree in Business Administration. He is an expert in logistics and supply chain management.</p>	<p><b>Independent Commissioner</b></p> <p>Born in the year 1959; and a retired career military officer with over 30 years’ experience in leadership, administration, human resource management, procurement and diplomacy.</p> <p>In addition, Commissioner Col. (Rtd) Mshimba, has been recognized for his service and was honoured by receiving the Military Observer, United Nations Western Sahara Morocco (MINRUSO) Medal among other accolades.</p> <p>He chairs the Enforcement Committee.</p>
<p>4.</p>	 <p><b>Dr. Cecilia Mutuku, PhD, CHRP, CPS(K), Commissioner</b></p> <p>Doctor of Philosophy and Masters in Business Administration, with a specialization in Human Resources Management (HRM), both from The University of Nairobi (UoN). In addition, a Certificate in Quality Management by the International Trade Centre (ITC). A member of the Institute of Human Resources (IHRM), Institute of Certified Secretaries (ICS) and The National Quality Institute (NQI).</p>	<p><b>Independent Commissioner</b></p> <p>Born in the year 1968 and hold extensive experience in Human Resource and Governance biased in policy development, leadership, organization behaviours and reforms, performance improvement, culture change and quality management.</p> <p>She has held senior position at Kenya Bureau of Standard and National Quality Institute.</p> <p>She is passionate about excellence and quality especially within the public sector institutions and has been spearheading Training of Anti Bribery Management systems (ABMS) Standard in various forums.</p> <p>She Chairs the Corruption prevention, Education and Public Engagement Committee.</p>




	<p>In addition, a member of the American Society for Quality (ASQ) and the Kenya Institute of Management (KIM).</p>	
<p>5.</p>	 <p><b>CPA John Ogallo, Commissioner</b></p> <p>Master of Business Administration (MBA) degree from the University of Sheffield (UK), and Post-Graduate Diploma in Public Financial Management from the University of London. In addition, Certified Public Accountant (CPA-K).</p>	<p><b>Independent Commissioner</b></p> <p>Born in the year 1956. He is Public Financial Management (PFM) expert with extensive global experience in Governance and Institutional Building. He has worked for several years at the World Bank in Washington DC; and has expertise in Financial Management and Governance. He has wide experience in financial management for development; and has led teams to provide technical assistance to strengthen institutions of accountability; and undertake fiduciary due diligence, advisory services and analytics. In addition, worked for several years in the private and public sectors in Kenya in various technical and managerial capacities. More so, has undertaken international consultancy assignments, including with the African Development Bank, to strengthen public administration and public finance management systems.</p> <p>Further, credits in knowledge of and professional interest in Corporate Governance and Decentralization and Local Governance. As an ordained Pastor and a strong believer in the principles of fairness, good governance – integrity, commitment to ethical values, respect for the rule of law and a just society.</p>
<p>6.</p>	 <p><b>Mr. Twalib Mbarak, MGH, CBS Secretary/Chief Executive Officer</b></p>	<p><b>Secretary to the Commission and Chief Executive Officer</b></p> <p>Born in the year 1965 and has served in high-ranking positions in the Military, Intelligence and Corporate Sectors for 39 years.</p> <p>Holds extensive experience in the fields of security, intelligence and indigestions.</p>

	<p>Master of Arts Degree in Armed Conflict and Peace Studies (University of Nairobi) Bachelor of Arts degree (University of Nairobi) Certified Security Management Professional (International Security Management Institute, UK)</p>	
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#### 4. Management Team

	Management	Details
1.	 <p><b>Mr. Twalib Mbarak, MGH, CBS Secretary/Chief Executive Officer</b></p> <p>Master of Arts in Armed Conflict &amp; Peace Studies Bachelor of Arts (Political Science and Sociology)</p>	<p>As the Fund Administrator, he provides strategic, financial and operational leadership, coordinate, and work with the Commissioners and senior leadership team. In addition, he is involved in managing the day-to-day operations of the Fund.</p>
2.	 <p><b>Mr. Abdi A. Mohamud, MBS Deputy Chief Executive Officer</b></p> <p>Master of Science (Security and Risk Management) Bachelor of Laws (LLB), Postgraduate Diploma in Law</p>	<p>Supports the Secretary/Chief Executive Officer (CEO) in the day-to-day operations of the Fund, in addition, he is the Deputy Fund Administrator.</p>

<p>3.</p>	 <p><b>Mr. Paschal K. Mweu, OGW</b> <b>Director Investigations</b> Master Degree in Governance &amp; Ethics Bachelor Degree in Philosophy</p>	<p>A Member of the EACC Staff Mortgage and Car Loan Advisory Committee, which is charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and consider and recommend financial statements of the fund for approval by the fund administrator.</p>
<p>4.</p>	 <p><b>Mr. David K. Too, OGW</b> <b>Director, Legal Services &amp; Asset Recovery</b> Master of Business Administration Bachelor of Laws (LLB), Diploma in Law</p>	<p>As the Chair Person of the EACC Staff Mortgage and Car Loan Advisory Committee, he provides leadership in policy formulation, implementation, and advisory on relevant laws, as well as coordination of the activities of the committee.</p>
<p>5.</p>	 <p><b>FCPA John Lolkoloi, OGW</b> <b>Director, Ethics &amp; Leadership</b> Master of Business Administration (Strategic Management), Bachelor of Commerce (Finance), Certified Public Accountant of Kenya (CPA-K)</p>	<p>A Member of the EACC Staff Mortgage and Car Loan Advisory Committee, which is charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and consider and recommend financial statements of the fund for approval by the fund administrator.</p>

<p>6.</p>	 <p><b>Mr. Vincent O. Okong'o, MBS 'ndc (k)</b> <b>Director, Preventive Services</b> Master of Arts (Economics &amp; Social Studies), Master of Arts in Economic Policy Management Bachelor of Arts (Economics)</p>	<p>A Member of the EACC Staff Mortgage and Car Loan Advisory Committee, which is charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and consider and recommend financial statements of the fund for approval by the fund administrator.</p>
<p>7.</p>	 <p><b>CPA Joel I. Mukumu, OGW</b> <b>Director, Finance and Planning</b> Master of Business Administration (Finance), Bachelor of Commerce -Accounting Option. Certified Public Accountant of Kenya</p>	<p>A Member of the EACC Staff Mortgage and Car Loan Advisory Committee, as well as the Fund Accountant. He ensures proper books and records of accounts of the income and expenditure, assets and liabilities of the fund are kept.</p>
<p>8.</p>	 <p><b>Mr. Jackson K. Mue, OGW</b> <b>Director, Field Services &amp; Coordination</b> Master of Science in ICT Policy and Regulation, Bachelor of Science (Mathematics &amp; Computer Science). Post Graduate Diploma in Computer Science</p>	<p>A Member of the EACC Staff Mortgage and Car Loan Advisory Committee, which is charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and consider and recommend financial statements of the fund for approval by the fund administrator.</p>

9.	 <p><b>Ms. Ellyjoy G. Bundi, HSC</b> <b>Deputy Director, Human Resource Management</b> Master of Business Administration (HRM) Bachelor of Education, Diploma in Human Resources Management</p>	<p>As the Secretary to the EACC Staff Mortgage and Car Loan Advisory Committee, she provides secretariat support, which includes but not limited to recording of minutes, circulation of agendas and resolution to the committee members.</p>
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## 5. Chairperson's Report



The Commission established the EACC Staff Mortgage and Car Loan Scheme in 2016 in line with the Salaries and Remuneration Commission Guidelines. The Scheme enables staff acquire residential houses and motor vehicles at favourable interest rates as a way of attracting, retaining, and motivating staff.

The Scheme has experienced tremendous growth from a seed of capital of **Kshs. 300 Million** from The National Treasury in 2016 to the current **Kshs. 1,085,000,000.00** as at 30<sup>th</sup> June, 2024. The growth of the scheme is attributed to consistent funding by The National Treasury which has enabled uptake of the mortgage and car loans by the staff. The principal loan repayment has been impressive standing at **Kshs.487,927,425.00** by end of the Financial Year 2023/2024.

The governance and management of the Scheme is as set out in the EACC Staff Mortgage and Car Loan Scheme Policies and Regulations, 2016 (Revised 2019).

Thank you. God bless you all!

A handwritten signature in black ink, appearing to be 'D. Oginde', written over a horizontal line.

**David Oginde, PhD, FCS**  
**Chairperson of the Commission**

## 6. REPORT OF THE FUND ADMINISTRATOR



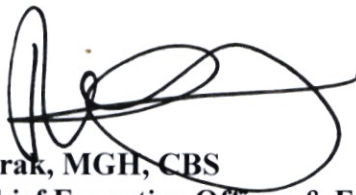
The Ethics and Anti-Corruption Commission (EACC) presents the Financial Statements of the EACC Mortgage and Car Loan Scheme for the year ending 30th June 2024.

The Scheme is administered pursuant to the Public Finance Management Act, 2012, Public Financial Regulations, 2015 and reported in line with the International Public Sector Accounting Standards (IPSAS). It is imperative to ensure the management of the fund is efficient and effective to meet the intended objective.

The fund is managed by the Staff Mortgage and Car Loan Advisory Committee in liaison with external professional service providers. The external service providers are sourced competitively and the Scheme is funded as a revolving fund by The National Treasury. As at 30<sup>th</sup> June 2024 the balance stood at **Kshs. 1,220,310,658**. Loan repayments stand at **Kshs. 487,927,425** as at 30th June 2024.

The Scheme has inspired staff, creating an environment to thrive, and achieve its mandate. The Scheme has facilitated **155** applicants for mortgage and **105** for car loans cumulatively. Accordingly, the total amount disbursed during the financial year to facilitate staff mortgage was **Kshs. 33,293,248.00** while car loan was **Kshs. 14,090,000.00**.

The staff members are encouraged to utilize the facility for improvement of their social economic welfare for enhanced performance.



**Twalib Mbarak, MGH, CBS**  
**Secretary/Chief Executive Officer & Fund Administrator**

## 7. Statement of Performance Against Predetermined Objectives

### Introduction

Section 81 (2)(f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each national government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key strategic objectives are contained in the EACC 2023-2028 Strategic Plan. However, to achieve the objective of the Salaries and Remuneration Commission (SRC) circular Ref. No: SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 that initialized the establishment of the fund, the EACC 2023-2028 Strategic Plan incorporated the following as one of its strategic objectives;

### **To attract and retain a productive and motivated human resource**

To realise this strategic objective, the EACC Staff House Mortgage and Car Loan Scheme relied on its strategic objectives to guide activities, policy formulation and work plans and made the following progress and achievements towards its targeted objective during FY 2023/2024.

Below is the progress to attaining the stated objective:

Program	Objective	Outcome	Indicator	Achievements
Control and Management of Public Finances	To attract and retain a productive and motivated human resource	Increased number of staff accessing the staff mortgage and car loan	Percentage of staff retained in EACC and number of staff who accessed the mortgage and car loans	The number of staff who accessed the mortgage and car loans rose from 247 in FY 2022/2023 to 260 staff in FY 2023/2024. This has led to a motivated workforce and retention of staff in EACC.

## **8. Corporate Governance Statement**

### **a. The EACC Staff House Mortgage and Car Loan Scheme Fund**

The Ethics and Anti-Corruption Commission Staff House Mortgage and Car loan scheme Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 and Section 24 (4)(5)(6)(7) of the Public Finance Management (PFM) Act, 2012 and 127 (1)(2) of the PFM (National Government) Regulations, 2015.

Its mandate is to provide car loans and house mortgage to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the committee at its apex. The operations of the fund are governed by EACC Staff House Mortgage and Car Loan Scheme Regulations, 2016 (Revised 2019) and PFM Act, 2012, PFM Regulations, SRC Circulars, National Treasury Circulars and any other government legislations.

### **b. The Fund Management Committee**

Section 9 & 10 of the EACC Staff Mortgage Regulations, 2016 (Revised 2019) provides for appointment of a committee and an administrator of the fund. The committee is made up of twelve members including the Chairperson and a Secretary. The committee is responsible for the long-term strategic direction of the fund. The committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

### **c. Roles and functions of the Fund Administration Committee**

The function of the Committee includes receiving and processing applications for loans following the existing terms and conditions of borrowing; liaising with the service provider (financial institution) to set up the revolving Fund for disbursement of loans; forward the successful applications with recommendations to fund managers for processing.

The committee members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the fund is delegated to the fund administrator but the committee is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate.

**d. Committee Meetings**

The committee meets quarterly or as required in order to monitor the implementation of the fund's strategic objectives and achievement of the targets. The committee also plays an oversight role over all other financial and operational issues.

**e. Ethics and conduct as well as governance audit**

**Internal Control and Risk Management**

The committee is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

**Management Team**

The management team headed by the Fund Administrator implements the committee decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the committee's objectives are achieved effectively and efficiently.

**Auditor**

The Auditor General is responsible for the statutory audit of the EACC Staff House Mortgage and Car Loan Scheme Fund in accordance with the provisions of Art. 226 (3) and Art.229 (4) (b) of the Constitution of Kenya, 2010, section 24 (10) (b) and section 84 (3) of the PFM Act, 2012 and section 35 of the Public Audit Act, 2015. The audit issues raised in the FY 2022/2023 were resolved, and the scheme financial statements were reported to present fairly in all material aspects the true financial position of the Scheme. The auditors of the Scheme, thus, issued an unqualified audit opinion.

**Statement of Compliance**

The Committee confirms that the Fund has, throughout the FY 2023/2024, complied with all statutory and regulatory requirements and has been managed under the principles of good corporate governance.

## 9. Management Discussion and Analysis

### a) Operational and financial performance of the Fund during the period

The Scheme was introduced eight (8) years ago and has recorded total cash inflows of Kshs 1,868,046,238 as reported in the period under review.

The number of applicants who have shown interest in Mortgage and Car Loan facility has grown over time with the waiting list becoming bigger every day. There are 155 successful applications for mortgage amounting to Kshs. 1,214,795,952 and 105 successful applications for Car Loan amounting to Kshs. 141,786,300 as at the end of the period under review.

### Performance for the periods 2015/2016 to 2023/2024

	<b>Mortgage</b>	<b>Car Loan</b>	<b>Total</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Exchequer funding HFC Schemes	460,000,000	200,000,000	720,000,000
Exchequer funding KCB Schemes	425,000,000	-	425,000,000
Net intra-fund bank transfers*	142,000,000	(142,000,000)	-
<b>Sub- Total</b>	<b>1,027,000,000</b>	<b>58,000,000</b>	<b>1,085,000,000</b>
Principal repayments received HFC	268,785,062	114,222,392	383,007,454
Principal repayments received KCB	96,241,562	8,678,408	104,919,970
Interest earned on HFC Schemes	171,161,238	36,171,830	207,333,068
Interest earned on KCB Schemes	84,762,432	3,023,313	87,785,745
<b>Total Inflows</b>	<b>1,647,950,293</b>	<b>220,095,944</b>	<b>1,868,046,238</b>
Loans Issued HFC	718,049,103	116,416,300	843,465,403
Loans Issued KCB	496,746,849	25,370,000	522,116,849
Scheme Administration Cost	146,673,652	9,020,338	155,693,991
Withholding Tax on interest	3,980,269	125,449	4,105,718
Bank Service Charges	5,115	3,330	8,445
<b>Total Outflows</b>	<b>1,365,454,988</b>	<b>150,935,418</b>	<b>1,516,390,406</b>
<b>Net Inflows</b>	<b>135,495,306</b>	<b>216,160,527</b>	<b>351,655,832</b>

\*Details of Intra - fund transfers have been annexed to these financial statements.

Due to increased demand for mortgage and car loan facility, the fund has been facing inadequate resource challenges due to fiscal austerity measure instituted by the government. However, there is a great expectation that in future the scheme will be a self-sustaining revolving fund.

**b) Fund's key projects or investments decision implemented or ongoing**

The Commission has continued to support 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 their workplace.

**c) Fund's compliance with statutory requirements**

The fund complied with all its statutory and tax obligations in the implementation of its mandate. Further, the Fund complied with all the necessary laws and regulations applicable in the management of the financial facilitation and intermediation.

**d) Risk management activities**

The Scheme has put in place 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

- i) **Strategic Risks:** These are risks that affect the ability to carry out the long-term goals and objectives of the fund due to inadequate funding.
- ii) **Compliance Risks:** These are risks associated with non-compliance with applicable laws and regulations could result in litigation and conflict of interest.
- iii) **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 to reliance on third party financial information. The delayed funding may also result in the Commission's inability to fund all the applications hence delay in issuing loans and acquisition of the properties.
- iv) **Operational Risk:** The risk of direct or indirect loss or inability to provide core services especially to mortgage and car loan applicants, resulting from inadequate or failed financial processes, resources and systems.

**e) Financial Probity and Governance**

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

## **10. Environmental and Sustainability Reporting**

Environmental and Sustainability reporting corporate social responsibility is an integral part of the Commission culture. As a responsible organization, the Commission respects the interests of its stakeholders – our employees, customers, suppliers and the wider community. We actively seek opportunities to improve the environment and contribute to the well-being of our communities.

Below is a brief highlight of our achievements on Corporate Social Responsibility and Sustainability.

### **a) Sustainability strategy and profile**

The Commission's mortgage and car loan scheme fund has endeavoured to remain a going concern through effective planning, budgeting and implementation of its activities. The scheme also ensures continuous training of staff in order to have an informed workforce and bridge knowledge gaps. By so doing, the Commission has been able to remain solvent and able to attract beneficiaries to the scheme's products.

### **b) Environmental performance**

Care for the environment is one of our key responsibilities and an important part of the way in which the scheme operates. The EACC mortgage and car loan scheme does this through automation of its processes to ensure minimal usage of printing paper and further contribute towards attainment of a paperless institution.

### **c) Employee welfare**

The Commission puts employee welfare at the core of its decisions. To this end, the Commission has made several strides aimed at successful improvement of the employee welfare issues. The Commission has established the EACC Staff House Mortgage and Car Loan Scheme to enable employees own houses and motor vehicles at affordable costs for better living in line with the government programme of the big four agenda.

### **d) Market Place Practises**

The Commission has put efforts to ensure the following:

#### **i. Responsible competition practice.**

The EACC Staff House Mortgage and Car Loan Scheme offers its services to all its clients and does not discriminate based on gender, age, persons living with Disability, race or religion.

**ii. Responsible Supply chain and Supplier relations**

The EACC Staff House Mortgage and Car Loan Scheme ensures all its mortgage and car loan appraisals and award processes are done in a transparent and accountable manner with full adherence to provisions of the law and regulations in place.

**iii Responsible marketing and advertisement**

The Commission has a website that contains all the information relating to the EACC Staff House Mortgage and Car Loan Scheme and can easily be accessed by the all its staff.

**iv. Product stewardship**

The Scheme upholds the rights and fundamental freedoms as outlined in the Bill of Rights contained in Chapter 4 of the Constitution of Kenya 2010.

**d) Community Engagements**

Corporate Social Responsibility (CSR) is an essential component that enables an organization to participate in promoting the environmental, ethical and socio-economic concerns of the communities. During the period under review, The EACC Staff House Mortgage and Car Loan Scheme did not participate in community engagements and other CSR activities.

## **11. Report of the Commission**

The Commission committee submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund affairs.

### **Principal activities**

The principal activity of the fund is to provide financing to the members of staff to purchase, develop or renovate residential property and acquisition of motor cars for private use.

### **Performance**

The performance of the Fund for the year ended June 30, 2024, is set out on pages 1 to 27.

### **The Commission**

The members of the Commission who served during the year are shown on pages vii to x.

### **Auditors**

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

By Order of the Commission



.....  
**David Oginde, PhD, FSC**  
**Chairperson of the Commission**

## **12. 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 Fund established under the constitution or an act of parliament shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. 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 fund, (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 fund; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

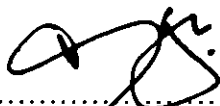
The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date.

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

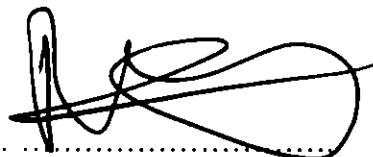
Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the Financial Statements**

The Fund's financial statements were approved by the Commission on 13<sup>th</sup> September, 2024 and signed on its behalf by:



.....  
**David Oginde, PhD, FSC**  
**Chairperson of the Commission**



.....  
**Twalib Mbarak, MGH, CBS**  
**Fund Administrator /**  
**Secretary to the Commission**

# REPUBLIC OF KENYA

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



*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON ETHICS AND ANTI-CORRUPTION COMMISSION STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2024

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### 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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, is effective in the use of resources, or that its internal control, 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 Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme as set out on pages 1 to 25,

*Report of the Auditor-General on Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme for the year ended 30 June, 2024*

which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of 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 Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme as at 30 June, 2024 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 Ethics and Anti-Corruption Commission (EACC Staff Motor Car Loan Scheme) revised Regulations, 2019, the Ethics and Anti-Corruption Commission (EACC Staff House Mortgage Scheme) Regulations, 2019 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme Management in accordance with ISSAI 130 on the 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Information**

The Commissioners are responsible for the other information, set out on xv page to xxv which comprises the Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussions and Analysis, Environmental and Sustainability Reporting and the Statement of Management's Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

In connection with my audit on the Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme financial statements, my responsibility is to read the

other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

As required by Article 229(6) of the Constitution and 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 ISSAIs 3000 and 4000. The Standards 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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAIs 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall 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 Commissioners**

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 such 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 control, risk management and overall governance.

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*Report of the Auditor-General on Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme for the year ended 30 June, 2024*

In preparing the financial statements, the Management is responsible for assessing the Scheme's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention 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.

The Commissioners are responsible for overseeing the Scheme's financial reporting process, reviewing the effectiveness of how the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

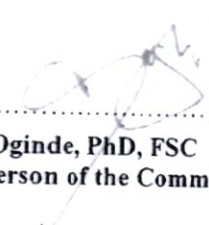
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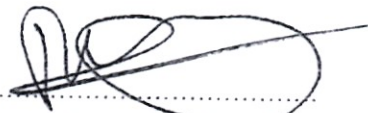
**14. Statement of Financial Performance for the year ended 30th June 2024**

Description	Note	2023/24	2022/23
		Kshs.	Kshs.
<b>Revenue from exchange transactions</b>			
Interest income on Bank Balance	6	10,311,431	7,996,688
Interest on Individuals Staff House Mortgage and Car Loans	7(b)	26,908,066	27,671,942
<b>Total revenue</b>		<b>37,219,496</b>	<b>35,668,630</b>
<b>Expenses</b>			
Commission paid to Service Providers	8	26,908,066	27,671,942
Bank Service Charges	9	2,130	-
Withholding Tax on Interest Income	10	1,345,403	1,383,598
<b>Total expenses</b>		<b>28,255,599</b>	<b>29,055,540</b>
<b>Surplus for the period</b>		<b>8,963,897</b>	<b>6,613,090</b>

The notes set out on pages 6 to 23 form integral part of these financial statements.

The financial statements on pages 1 to 5 were approved on 13<sup>th</sup> September, 2024 and signed by:

  
.....  
**David Oginde, PhD, FSC**  
Chairperson of the Commission

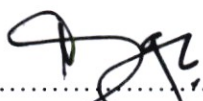
  
.....  
**Twalib Mbarak, MGH, CBS**  
Fund Administrator /  
Secretary to the Commission

  
.....  
**CPA Joel I. Mukumu, OGW**  
Fund Accountant /  
Director, Finance & Planning  
ICPAK M/No. 5917

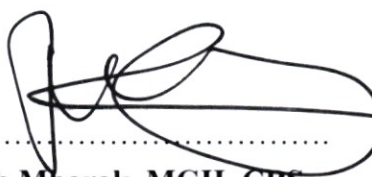
### 15. Statement of Financial Position as at 30th June 2024

Description	Note	2023/24	2022/23
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	351,655,832	293,200,280
Short term receivables from Staff House Mortgage	12	63,173,322	60,460,926
Short term receivables from Staff Car Mortgage	12	7,344,827	9,316,942
<b>Total Current Assets</b>		<b>422,173,981</b>	<b>362,978,148</b>
<b>Non-current assets</b>			
Long term receivables from staff House Mortgage	12	786,596,004	832,130,810
Long term receivables from staff Car Mortgage	12	11,540,673	7,268,447
		<b>798,136,677</b>	<b>839,399,257</b>
<b>Total assets</b>		<b>1,220,310,658</b>	<b>1,202,377,405</b>
<b>Net assets</b>			
Accumulated surplus ( <i>Reserves</i> )	13	117,117,323	108,153,425
Mortgage and Car loan revolving fund	13	1,103,193,335	1,094,223,980
<b>Total net assets</b>		<b>1,220,310,658</b>	<b>1,202,377,405</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 13<sup>th</sup> September, 2024 and signed by:



David Oginde, PhD, FSC  
Chairperson of the Commission



Twalib Mbarak, MGH, CBS  
Fund Administrator /  
Secretary to the Commission



CPA Joel I. Mukumu, OGW  
Fund Accountant /  
Director, Finance & Planning  
ICPAK M/No. 5917

**16. Statement of Changes in Net Assets for the year ended 30th June 2024**

Description	Note	Mortgage Fund	Car Loan Fund	Accumulated Surplus	Total
		Kshs	Kshs	Kshs.	Kshs.
<b>Balance as at 1 July 2022</b>		<b>1,020,000,000</b>	<b>65,000,000</b>	<b>101,540,336</b>	<b>1,186,540,336</b>
Surplus for the period		-	-	6,613,090	6,613,090
Transfers from EACC		-	-	-	-
Interest capitalized	7(a)	8,988,444	235,536	-	<b>9,223,980</b>
<b>As at 30 June 2023</b>		<b>1,028,988,444</b>	<b>65,235,536</b>	<b>108,153,426</b>	<b>1,202,377,406</b>
<b>Balance as at 1 July 2023</b>		<b>1,028,988,444</b>	<b>65,235,536</b>	<b>108,153,426</b>	<b>1,202,377,406</b>
Surplus for the period		-	-	8,963,897	8,963,897
Transfers from EACC		-	-	-	-
Interest capitalized	7(a)	8,751,868	217,487		8,969,355
<b>As at 30 June 2024</b>		<b>1,037,740,312</b>	<b>65,453,023</b>	<b>117,117,323</b>	<b>1,220,310,658</b>

**17. Statement of Cash Flows for the year ended 30th June 2024**

<b>Description</b>	<b>Note</b>	<b>2023/24</b>	<b>2022/23</b>
		<b>Kshs.</b>	<b>Kshs.</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest income on Bank Balance	6	10,311,431	7,996,688
Interest on Individuals Staff Mortgage and Car Loans	7(b)	26,908,066	27,671,942
<b>Total receipts</b>		<b>37,219,496</b>	<b>35,668,630</b>
<b>Payments</b>			
Commission paid to Service Providers	8	26,908,066	27,671,942
Bank Service Charges	9	2,130	-
Withholding Tax on Interest Income	10	1,345,403	1,383,598
<b>Total payments</b>		<b>28,255,599</b>	<b>29,055,540</b>
<b>Net cash flow from operating activities</b>		<b>8,963,897</b>	<b>6,613,090</b>
<b>Cash flows from investing activities</b>			
Proceeds from Staff Mortgage principal repayments		76,115,508	72,873,873
Staff Mortgage disbursements paid out		(33,293,248)	(60,744,129)
Proceeds from Staff Car Loan principal repayments		11,790,040	13,976,495
Staff Car loan disbursements paid out		(14,090,000)	(1,600,000)
<b>Net cash flows used in investing activities</b>		<b>40,522,300</b>	<b>24,506,239</b>
<b>Cash flows from financing activities</b>			
Receipts into the mortgage and car loan revolving fund		8,969,355	9,223,983
<b>Net cash flows used in financing activities</b>		<b>8,969,355</b>	<b>9,223,983</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>58,455,552</b>	<b>40,343,312</b>
Cash and cash equivalents at 1 July	11	293,200,280	252,856,968
<b>Cash and cash equivalents at 30 June 2024</b>		<b>351,655,832</b>	<b>293,200,280</b>

**18. Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 2024**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	B	C=(A+B)	D	E=(C-D)	F= D/C
<b>Revenue</b>						
Interest on Bank Balance	7,996,688	-	7,996,688	10,311,431	(2,314,743)	129%
Interest on Staff Mortgage & Car Loans	27,671,942	-	27,671,942	26,908,066	763,876	97%
<b>Total Revenue</b>	<b>35,668,630</b>	<b>-</b>	<b>35,668,630</b>	<b>37,219,496</b>	<b>(1,550,866)</b>	
<b>Expenditure</b>						
Commission paid to service providers	27,671,942	-	27,671,942	26,908,066	763,876	97%
Withholding Tax on Interest Income	1,383,598	-	1,383,598	1,345,403	38,195	97%
Bank Service Charges	-	-	-	2,130	(2,130)	0%
<b>Total Expenditure</b>	<b>29,055,540</b>	<b>-</b>	<b>29,055,540</b>	<b>28,255,599</b>	<b>799,941</b>	<b>97%</b>
<b>Surplus for the period</b>	<b>6,613,090</b>	<b>-</b>	<b>6,613,090</b>	<b>8,963,897</b>	<b>(2,350,807)</b>	

**Note:**

- i. **Interest on Bank Balance:** The percentage increase was due to higher interest realized on bank balances than anticipated
- ii. **Bank Service Charges:** The zero percentage was due to unbudgeted bank service charges incurred during the year.

## **19. Notes to the Financial Statements**

### **1. General Information**

Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme Fund is established by and derives its authority and accountability from the Public Finance Management Act (PFMA) 2012. The Fund is wholly owned by the Ethics & Anti-Corruption Commission (EACC) and is domiciled in Kenya. The Fund's principal activity is to provide financing to the members of staff to purchase, develop or renovate residential property and acquisition of motor car for private use.

### **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 Fund's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings (**Kshs**), which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the PFM Act, 2012 and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements are prepared assuming that the EACC Staff House Mortgage and Car Loan Scheme is a going concern and will continue in operation and meet its statutory obligations in the foreseeable future.

### **3. Adoption of New and Revised Standards**

#### ***i.* New and amended standards and interpretations in issue effective in the year ended 30 June 2024**

There are no new standards effective in the Financial Year.

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2024.**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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 cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. There was no impact of the Standard to the current financial report of the Scheme
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, 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: 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. There was no impact of the Standard to the current financial report of the Scheme
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. There was no impact of the Standard to the current financial report of the Scheme
IPSAS 46: Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by:

	<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>There was no impact of the Standard to the current financial report of the Scheme</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>There was no impact of the Standard to the current financial report of the Scheme</p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>There was no impact of the Standard to the current financial report of the Scheme</p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>There was no impact of the Standard to the current financial report of the Scheme</p>

*iii. Early adoption of standards*

The Fund did not early – adopt any new or amended standards in the year 2023/24

**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 Fund 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 2023/24 was approved on 20th June 2023. 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 Fund upon receiving the respective approvals in order to conclude the final budget.

The Fund's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. 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

***Significant Accounting Policies (Continued)***

made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented under page 5 of these financial statements.

**c. 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 Fund 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 Fund 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 (Continued)***

***Impairment of financial assets***

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act, 2012. A financial asset of the Fund 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 Fund that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the Fund 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 Fund 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.

**d. Contingent liabilities**

The Fund 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.

**e. Contingent assets**

The Fund 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 Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are

***Significant Accounting Policies (Continued)***

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.

**f. Changes in accounting policies and estimates**

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

IPSAS-3: Accounting Policies, Changes in Accounting Estimates and Errors is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors.

The standard requires compliance with any specific international financial reporting standard applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing those statements. Such errors result from mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

**g. 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

**Significant Accounting Policies (Continued)**

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.

**h. Related parties**

The Fund 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 Fund, or vice versa. Members of key management are regarded as related parties and comprise the Commission, the Directors, the Fund Managers, and Fund Accountant.

**i. 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 the Housing Finance Company and KCB Bank Ltd at the end of the financial year.

**j. Comparative figures**

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

**k. Events after the reporting period**

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

**l. Ultimate and Holding Fund**

The EACC Staff House Mortgage and Car Loan Scheme is a Fund under the sponsorship of the Ethics and Anti-Corruption Commission which is a Constitutional Commission established section 3 of the EACC Act 2011 and pursuant to Article 79 of the Constitution of Kenya.

**m. Currency**

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

***Significant Accounting Policies (Continued)***

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

The preparation of the Fund'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.

**Notes to the Financial Statements**

**6. Interest income on Bank Balance**

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Interest on Mortgage Bank Account HFC	2,365,289	1,394,006
Interest on Mortgage Bank Account KCB	6,430,846	5,945,764
Interest on Car Loan Bank Account KCB	481,012	386,135
Interest on Car Loan Bank Account HFC	1,034,283	270,783
<b>Total Interest Income</b>	<b>10,311,431</b>	<b>7,996,688</b>

The Interest Income of **Kshs 10,311,431** relates to the total interest earned on the capital sum deposited in the Free Fund (High Interest) Account at an annualized 91-day Treasury Bill Rate minus 1%.

**7. Interest on Individuals Staff House Mortgage and Car Loans**

**(a) Interest Capitalized on Mortgage and Car Loan.**

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs.</b>	<b>Kshs.</b>
4% Interest on Staff Mortgage at HFC Bank	18,822,883	19,919,440
4% Interest on Staff Mortgage at KCB Bank	16,184,588	16,034,337
	<b>35,007,471</b>	<b>35,953,777</b>
3% Commission to Service Provider HFC Mortgage	(14,117,163)	(14,939,580)
3% Commission to Service Provider KCB Mortgage	(12,138,441)	(12,025,753)
<b>Interest capitalized on mortgage funds</b>	<b>8,751,868</b>	<b>8,988,444</b>
4% Interest on Car Loan at HFC Bank	237,630	634,157
4% Interest Car Loan at KCB Bank	632,319	307,988
	<b>869,950</b>	<b>942,145</b>
3% Commission to Service Provider HFC Car Loans	(178,223)	(475,618)
3% Commission to Service Provider KCB Car Loans	(474,239)	(230,991)
<b>Interest capitalized on car loan funds</b>	<b>217,487</b>	<b>235,536</b>
<b>Total Interest Income Capitalized</b>	<b>8,969,355</b>	<b>9,223,980</b>

**Notes to the Financial Statements (continued.....)**

**(b) Interest on Individuals Staff House Mortgage and Car Loans**

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs.</b>	<b>Kshs.</b>
4% Interest on Staff Mortgage at HFC Bank	18,822,883	19,919,440
4% Interest on Staff Mortgage at KCB Bank	16,184,588	16,034,337
4% Interest on Car Loan at HFC Bank	237,630	634,157
4% Interest Car Loan at KCB Bank	632,319	307,988
	<b>35,877,421</b>	<b>36,895,922</b>
Interest Income capitalized	(8,969,355)	(9,223,980)
<b>Total Interest Income</b>	<b>26,908,066</b>	<b>27,671,942</b>

The EACC Staff House Mortgage and Car loan Scheme Fund charges an interest rate of 4% to its members which 1% above the recommended rates by the Salaries and remuneration Commission. This is aimed at ploughing back the 1% interest into the Fund, which operates as a revolving fund.

**8. Commission paid to Service Providers**

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs.</b>	<b>Kshs.</b>
3% Commission to Service Provider HFC Mortgage	14,117,163	14,939,580
3% Commission to Service Provider KCB Mortgage	12,138,441	12,025,753
3% Commission to Service Provider HFC Car loan	178,223	475,618
3% Commission to Service Provider HFC Car loan	474,239	230,991
<b>Total</b>	<b>26,908,006</b>	<b>27,671,942</b>

**9. Bank Service Charges**

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Mortgage Bank accounts	1,065	-
Car Loan Bank accounts	1,065	-
<b>Total</b>	<b>2,130</b>	<b>-</b>

**Notes to the Financial Statements (continued.....)**

**10. Withholding Tax on Interest Income**

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Staff Mortgage 1% Interest at HFC Bank	705,858	746,979
Staff Mortgage 1% Interest at KCB Bank	606,922	601,288
Car Loan 1% Interest at HFC Bank	8,911	23,781
Car Loan 1% Interest at KCB Bank	23,712	11,550
<b>Total</b>	<b>1,345,403</b>	<b>1,383,598</b>

The scheme charges an interest of 4% on loans issued out which a share of 1 % is credited back to the scheme for growth of the fund. The withholding tax of Kshs 1,345,403 relates to the 1% interest income received.

**11. Cash and cash equivalents**

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs.</b>	<b>Kshs.</b>
HFC Staff Mortgage Bank Account	135,108,336	91,717,106
KCB Staff Mortgage Bank Account	167,386,970	151,721,181
KCB Car Loan Bank Account	25,903,574	17,865,484
HFC Car Loan Bank Account	23,256,953	31,896,509
<b>Total Cash and Cash equivalents</b>	<b>351,655,832</b>	<b>293,200,280</b>

**Detailed analysis of the cash and cash equivalents in banks approved by The National Treasury in line with Section 28 of the PFM Act, 2012 are as follows:**

		<b>2023/24</b>	<b>2022/23</b>
<b>Financial Institution</b>	<b>Account number</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>Mortgage and Car Loan Fund</b>			
KCB Bank Limited	MM1823230468	160,405,488	149,324,032
KCB Bank Limited	MM2035HC6PL	21,188,592	31,793,652
Housing Finance Company	2025883401-0	25,903,574	17,865,484
Housing Finance Company	2025883104-0	135,108,336	91,717,106
<b>Sub- Total</b>		<b>342,605,989</b>	<b>290,700,274</b>
<b>Current Account</b>			
KCB Bank Limited	1233945564	2,068,361	2,397,149
KCB Bank Limited	1233948172	6,981,482	102,857
<b>Sub- Total</b>		<b>9,049,843</b>	<b>2,500,006</b>
<b>Grand Total</b>		<b>351,655,832</b>	<b>293,200,280</b>

**Notes to the Financial Statements (continued.....)**

The Scheme Back-Up accounts held at Housing finance for both Mortgage loans and Car loans hold funds that are disbursed to the beneficiaries less principal recoveries. It shall thus at all times have a balance equivalent to the total aggregate disbursed loans less principal recoveries. The back-up account does not earn interest.

**12. Mortgage and Car Loan Receivables**

Description	2023/24	2022/23
	Kshs.	Kshs.
<b>Current Receivables</b>		
Short term receivables from staff House Mortgage	63,173,322	60,460,926
Short term receivables from staff Car Mortgage	7,344,827	9,316,942
<b>Total Current Receivables</b>	<b>70,518,149</b>	<b>69,777,867</b>
<b>Non-Current Receivables</b>		
Long term receivables from staff House Mortgage	786,596,004	832,130,810
Long term receivables from staff Car Mortgage	11,540,673	7,268,447
<b>Total Non- Current Receivables</b>	<b>798,136,677</b>	<b>839,399,257</b>
<b>Total Receivables</b>	<b>868,654,826</b>	<b>909,177,124</b>

Ageing analysis (receivable from exchange transactions)	2023/24	% of total	2022/23	% of total
Less than 1 year	70,518,149	8%	69,777,867	8%
Between 1-2 years	141,036,298	16%	139,555,735	15%
Between 2-3 years	211,554,447	24%	209,333,602	23%
Over 3 years	445,545,932	51%	490,509,920	54%
<b>Total</b>	<b>868,654,826</b>	<b>100%</b>	<b>909,177,124</b>	<b>100%</b>

**13. Mortgage and Car Revolving Fund**

Description	2023/24	2022/23
	Kshs.	Kshs.
<b>Revolving fund as at 01 July</b>	1,094,223,980	1,085,000,000
Transfer into Mortgage Revolving fund	-	-
Interest capitalised on mortgage loans	8,751,868	8,988,444
Transfer into Car Loan Revolving fund	-	-
Interest capitalised on car loans	217,487	235,536
	<b>1,103,193,335</b>	<b>1,094,223,980</b>
Accumulated surplus ( <i>Reserves</i> )	117,117,323	108,153,425
<b>Total funds as at 30 June</b>	<b>1,220,310,658</b>	<b>1,202,377,405</b>

**Notes to the Financial Statements (continued.....)**

**14. Net cash flow from operating activities**

Description	2023/24	2022/23
	Kshs.	Kshs.
<b>Surplus for the year</b>	<b>8,963,897</b>	<b>6,613,090</b>
<b>Adjusted for:</b>		
Withholding tax on interest income	-	-
	<b>8,963,897</b>	<b>6,613,090</b>
<b>Working capital adjustments</b>		
Increase in receivables	-	-
<b>Net cash flow from operating activities</b>	<b>8,963,897</b>	<b>6,613,090</b>

**15. Financial risk management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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

**a) Credit risk**

The Fund 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 Fund's management based on prior experience and their assessment of the current economic environment.

**Notes to the Financial Statements (continued.....)**

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

<b>Description</b>	<b>Total amount Kshs.</b>	<b>Fully performing Kshs.</b>	<b>Past due Kshs.</b>	<b>Impaired Kshs.</b>
<b>At 30 June 2024</b>				
Receivables from Car Loans and Mortgages	868,654,826	868,654,826	-	-
Bank Balances	351,655,832	351,655,832	-	-
<b>Total</b>	<b>1,220,310,658</b>	<b>1,220,310,658</b>	-	-
<b>At 30 June 2023</b>				
Receivables from Car Loans and Mortgages	909,177,125	909,177,125	-	-
Bank Balances	293,200,280	293,200,280	-	-
<b>Total</b>	<b>1,202,377,405</b>	<b>1,202,377,405</b>	-	-

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 Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from staff loan beneficiaries.

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

**b) Liquidity risk management**

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

**Notes to the Financial Statements (continued.....)**

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control of market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

***Management of interest rate risk***

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

**Sensitivity analysis**

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**Notes to the Financial Statements (continued.....)**

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs. 1,550,866 (2023: Kshs. 35,668,630).

A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of kshs. 399,834 (2023- kshs. 643,958) = (last year revenue) x 5%

**e) Capital risk management**

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

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Revolving fund as at 01 July</b>	<b>1,103,193,335</b>	<b>1,094,223,980</b>
Mortgage and Car Loan Revolving fund	-	-
	<b>1,103,193,335</b>	<b>1,094,223,980</b>
Accumulated surplus ( <i>Reserves</i> )	117,117,323	108,153,425
<b>Total funds</b>	<b>1,202,310,658</b>	<b>1,202,377,405</b>
Less: Cash and bank balances	(351,655,832)	(293,200,280)
Net debt/(excess cash and cash equivalents)	868,654,826	909,177,124
<b>Gearing</b>	<b>71%</b>	<b>76%</b>

**16. Related party**

**a) Nature of related party relationship**

Entities and other parties related to the Fund include those parties who can exercise control or exercise significant influence over its operating and financial decisions. Related parties have management personnel and their associates. The fund/scheme is related to the following entities:

- a) The National Treasury
- b) Ethics & Anti-Corruption Commission
- c) Staff Mortgage and Car Loan Advisory Committee; and
- d) Key management personnel

**Notes to the Financial Statements (continued.....)**

**b) Related party transactions**

**i.** Transfers from related parties

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Transfers from EACC	-	-

**ii.** Key Management Remuneration

The members of the Commission and the Staff Mortgage and Car Loan Advisory Committee do not draw any form of remuneration from the fund.

**17. Events after the reporting period**

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

**18. Ultimate and Holding Fund**

The EACC Staff House Mortgage and Car Loan Scheme is a Fund under the sponsorship of the Ethics and Anti-Corruption Commission which is a Constitutional Commission established section 3 of the EACC Act 2011 and pursuant to Article 79 of the Constitution of Kenya.

**19. Currency**

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

*Ethics & Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024*

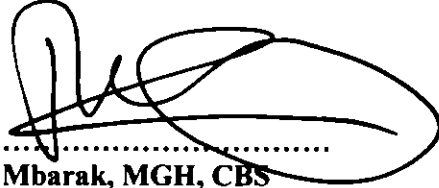
**20. Scheme Accountability Statement as at 30th June 2024**

	Staff Mortgage Scheme Interest	Staff Mortgage Scheme	Car Loan Scheme Interest	Car Loan Scheme	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Scheme Funding:</b>					
Opening Balance 01.07.2023		1,109,029,274		93,348,131	1,202,377,405
Funding for the year		-		-	-
Interest capitalized		8,751,868		217,487	8,969,355
<b>Total Funding</b>		<b>1,109,029,274</b>		<b>93,348,131</b>	<b>1,211,346,760</b>
<b>Interest</b>					
Interest earned on Bank Balance HFC		2,365,289		418,012	2,846,301
Interest earned on Bank Balance KCB		6,430,846		1,034,283	7,465,129
4% interest on Loans issued (net capitalized amount)	(26,255,604)		(652,462)		
Less:3% Administration fees	(26,255,604)		(652,462)		
Withholding Tax on Interest Income		(1,312,780)		(32,623)	(1345403)
Bank Service Charges		(1065)		(1,065)	(2130)
<b>Total Net Interest</b>		<b>7,482,290</b>		<b>1,481,607</b>	<b>8,963,897</b>
<b>Total Fund</b>		<b>1,125,263,432</b>		<b>95,047,225</b>	<b>1,220,310,657</b>
Total Loans Issued KCB Bank	(496,746,849)		(25,370,000)		
Total Principal Repaid KCB Bank	96,241,562	(400,505,287)	8,678,408	(16,691,592)	(417,196,879)
Total Loans Issued HFC Bank	(718,049,103)		(116,416,300)		
Total Principal Repaid HFC Bank	268,785,062	(449,264,039)	114,222,392	(2,193,908)	(451,457,946)
<b>Total Fund Balance 30.06.2024</b>		<b>275,494,106</b>		<b>76,161,726</b>	<b>351,655,832</b>

**21. Annexes**

**Annex I: Progress on follow up of prior year Auditor's recommendations**

The Scheme did not have any Audit follow up issues for the previous Audited Financial Year 2022/23.



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**Twalib Mbarak, MGH, CBS**  
**Secretary to the Commission/ Fund Administrator**

**Annex II: Intra Fund Transfers as at 30<sup>th</sup> June 2024**

<b>Intra Fund Transfers</b>	<b>Mortgage Scheme HFC Kshs.</b>	<b>Mortgage Scheme KCB Kshs.</b>	<b>Car Loan Scheme HFC Kshs.</b>	<b>Car Loan Scheme KCB Kshs.</b>	<b>Total Kshs.</b>
Transfers from HFC Car Loan Scheme to HFC Mortgage Scheme	100,000,000		(100,000,000)		-
Transfers from HFC Mortgage Scheme to KCB Mortgage Scheme	(60,000,000)	60,000,000			-
Transfers from HFC Car Loan Scheme to KCB Mortgage Scheme		27,000,000	(27,000,000)		-
Transfers from KCB Car Loan Scheme to KCB Mortgage Scheme		15,000,000		(15,000,000)	-
Transfers from HFC Car Loan Scheme to KCB Car Loan Scheme			(53,000,000)	53,000,000	-
	<b>40,000,000</b>	<b>102,000,000</b>	<b>(180,000,000)</b>	<b>38,000,000</b>	<b>-</b>

**Annex III: Statement of Scheme Performance**

The Scheme recorded five (5) successful applications for Mortgage amounting to Kshs. 33,293,248 and eight (8) for Car Loan amounting to Kshs. 14,090,000 as at the end of the period under review compared with nine (4) successful applications for Mortgage and one (1) successful applications for Car loan in the previous financial year as analysed below.

<b>(i) Comparative Scheme Performance</b>				
	<b>2023-2024</b>		<b>2022-2023</b>	
<b>Scheme</b>	<b>Number of successful applicants</b>	<b>Amount</b>	<b>Number of successful applicants</b>	<b>Amount</b>
	No.	Kshs.	No.	Kshs.
Staff Mortgage	5	33,293,248	4	60,744,129
Staff Car Loan	8	14,090,000	1	1,600,000
	<b>13</b>	<b>47,383,248</b>	<b>5</b>	<b>62,344,129</b>

<b>(ii) Cumulative Scheme Performance since inception</b>		
<b>Scheme</b>	<b>Number of successful applicants</b>	<b>Amount</b>
	No.	Kshs.
Staff Mortgage	155	1,214,795,952
Staff Car Loan	105	141,786,300
<b>Total</b>		<b>1,356,582,252</b>

**Annex IV: Cumulative Scheme performance from year 2016 to 2024**

<b>FY</b>		<b>Mortgage HFC</b>	<b>Mortgage KCB</b>	<b>Car loan HFC</b>	<b>Car loan KCB</b>	<b>Total</b>
<b>2016-2017</b>	<b>No of applicants</b>	28	-	24	-	<b>52</b>
	<b>Loan Disbursed (Kshs)</b>	247,230,562	-	36,531,800	-	<b>283,762,362</b>
<b>2017-2018</b>	<b>No of applicants</b>	24	-	19	-	<b>43</b>
	<b>Loan Disbursed (Kshs)</b>	170,300,379	-	19,761,000	-	<b>190,061,379</b>
<b>2018-2019</b>	<b>No of applicants</b>	21	2	25	-	<b>48</b>
	<b>Loan Disbursed (Kshs)</b>	162,940,172	13,467,257	32,648,500	-	<b>209,055,929</b>
<b>2019-2020</b>	<b>No of applicants</b>	9	13	17	-	<b>39</b>
	<b>Loan Disbursed (Kshs)</b>	70,564,972	72,448,230	22,017,000	-	<b>165,030,202</b>
<b>2020-2021</b>	<b>No of applicants</b>	2	40	5	5	<b>52</b>
	<b>Loan Disbursed (Kshs)</b>	7,032,733	294,312,237	5,458,000	7,680,000	<b>314,482,970</b>
<b>2021-2022</b>	<b>No of applicants</b>	3	6	-	1	<b>10</b>
	<b>Loan Disbursed (Kshs)</b>	24,452,629	58,009,404	-	2,000,000	<b>84,462,033</b>
<b>2022-2023</b>	<b>No of applicants</b>	2	2	-	1	<b>5</b>
	<b>Loan Disbursed (Kshs)</b>	23,689,429	37,054,700	-	1,600,000	<b>62,344,129</b>
<b>2023-2024</b>	<b>No of applicants</b>	2	3	-	8	<b>13</b>
	<b>Loan Disbursed (Kshs)</b>	11,838,227	21,455,021	-	14,090,000	<b>47,383,248</b>