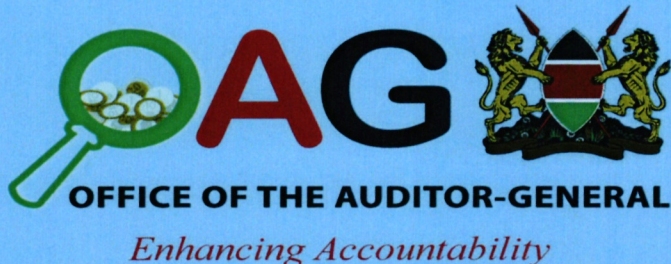


REPUBLIC OF KENYA



**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 23 NOV 2021

TABLED BY: L.O.M

CLERK-AT-THE-TABLE: Aotinde chabot

DAY:

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2021**





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
**REGISTRY**

11 NOV 2021

**RECEIVED**

---

**ETHICS AND ANTI - CORRUPTION COMMISSION**

**STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**  
**30 JUNE 2021**

---

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

## TABLE OF CONTENT

1. I. KEY ENTITY INFORMATION AND MANAGEMENT .....	ii
2. II. THE COMMISSION .....	v
3. III. MANAGEMENT TEAM.....	viii
4. IV. STATEMENT OF THE CHAIRPERSON .....	xi
5. V. REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER.....	xi
6. VI. CORPORATE GOVERNANCE STATEMENT .....	xiii
7. VII. MANAGEMENT DISCUSSION AND ANALYSIS.....	xiv
8. VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xv
9. IX. REPORT OF THE COMMISSION AND THE SCHEME .....	xix
10. X. STATEMENT OF MANAGEMENT RESPONSIBILITIES .....	xx
11. XI. REPORT OF THE INDEPENDENT AUDITORS FOR THE FINANCIAL STATEMENTS OF ETHICS AND ANTI-CORRUPTION COMMISSION FOR THE YEAR ENDED 30 JUNE 2021 .....	xxi
12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2021 .....	1
13. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 .....	2
14. STATEMENT OF CHANGES IN NET ASSETS .....	3
15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2021.....	4
16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021 .....	5
17. NOTES TO THE FINANCIAL STATEMENTS.....	6
18. APPENDIX: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS .....	14

## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Ethics and Anti-Corruption Commission (EACC) is a statutory body established under the Ethics and Anti-Corruption Commission Act, 2011. EACC is domiciled in Kenya and has its head office in Nairobi. The Commission has eleven (11) regional offices situated in various parts of the Country. Its mandate is to combat and prevent corruption, economic crime and unethical conduct in Kenya through law enforcement prevention, public education, promotion of standards and practices of integrity, ethics and anti-corruption. The Commission is comprised of the Chairperson, Commissioners and the Secretary/Chief Executive Officer.

### (b) Principal Activities

The principal activities of the Commission include: Investigation of corruption and economic crimes, tracing and recovery of corruptly acquired public property, forfeiture of unexplained wealth, corruption prevention, public education and promotion of ethics and integrity.

### (c) Key Management

The Commission's day-to-day management is under the following key organs:

1. The Secretary/ Chief Executive Officer
2. The Deputy Chief Executive Officer
3. Directorate of Investigation
4. Directorate of Preventive Services
5. Directorate of Legal Services & Asset Recovery
6. Directorate of Ethics and Leadership
7. Directorate of Field Services & Coordination
8. Directorate of Finance and Planning
9. Directorate of Corporate Support Services
10. Department of Supply Chain Management

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021.

<b>Designation</b>	<b>Name</b>
1. Secretary / Chief Executive Officer	Mr. Twalib Mbarak, CBS
2. Deputy Chief Executive Officer	Mr. Abdi A. Mohamud, MBS
3. Directorate of Legal Services	Mr. David Too, OGW
4. Directorate of Ethics and Leadership	Ms. Lucy Kinuthia, MBS
5. Directorate of Preventive Services	Mr. Vincent Okong'o
6. Directorate of Field Services	Mr. Jackson Mue
7. Directorate of Finance and Planning	Mr. Joel Mukumu
8. Directorate of Corporate Support Services	Ms. Ellyjoy Bundi
9. Department of Supply Chain Management	Mr. Robert Kanyi

**(e) Fiduciary Oversight Arrangements**

<b>Commission Committees</b>	<b>Members</b>
Enforcement	Commissioner Paul Mwaniki Gachoka, EBS - Chairperson Commissioner Sophia Lepuchirit, EBS
Corruption Prevention, Education and Public Engagement	Commissioner Dr. Dabar Maalim - Chairperson Commissioner Rose Mghoi Macharia
Support Services	Commissioner Rose Mghoi Macharia - Chairperson Commissioner Dr. Dabar Maalim
Risk & Audit	Lawrence Nyalle (Independent Chairperson) Jane Micheni (Representative – National Treasury) Commissioner Dr. Dabar Maalim Commissioner Rose Mghoi Macharia Commissioner Paul Mwaniki Gachoka, EBS
Finance, Planning and Supply Chain Management	Commissioner Sophia Lepuchirit, EBS - Chairperson Commissioner Paul Mwaniki Gachoka, EBS

**(f) Entity Headquarters**

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

**(g) Entity Contacts**

Headquarters, Nairobi  
Integrity Centre  
Jakaya Kikwete /Valley Road Junction  
P. O. Box 61130-00200, Nairobi  
Tel: (254) (020) 4997000  
Mobile: 0709 781000; 0730 997000  
Fax: (020) 2240954  
Email address: [eacc@integrity.go.ke](mailto:eacc@integrity.go.ke)

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

**(h) Entity Bankers**

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

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

**(i) Independent Auditors**

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  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

## II. THE COMMISSION




COMMISSION MEMBERS	
 <p><b>Archbishop (Emeritus) Dr. Eliud Wabukala, EBS - Chairperson</b></p>	<p>Archbishop (Emeritus) Dr. Eliud Wabukala, EBS was appointed the Chairperson of the Ethics and Anti-Corruption Commission (EACC), in January 2017. He is a retired Archbishop of the Anglican Church of Kenya.</p> <p>Archbishop (Emeritus) Dr. Wabukala, EBS was awarded Doctor of Divinity (Hon) and holds a Master Degree in Religion from Wycliffe College, University of Toronto – Canada. He also holds a Bachelor Degree in Divinity from St. Paul’s University – Limuru. He was born in the year 1951.</p> <p>Previously, he served as the Chairperson of the National Anti-Corruption Campaign Steering Committee (NACCSC), The Global Future Anglican Conference and the National Council of Churches of Kenya. Archbishop (Emeritus) Dr. Wabukala, EBS is a professional teacher with many years of teaching experience and previously served; as the Academic Dean at St. Paul’s University, as a lecturer and as Chairperson of the University Council.</p> <p>He has been involved in many peace mitigations and reconciliation including the 2007 post-election violence in Kenya. Archbishop (Emeritus) Dr. Wabukala, EBS was also involved in the reform process in South Sudan.</p>
 <p><b>Commissioner Sophia Lepuchirit, EBS - Vice-Chairperson</b></p>	<p>Commissioner Sophia Lepuchirit, EBS was appointed a Commissioner in January 2016. She is the Vice Chairperson of the Ethics and Anti-Corruption Commission.</p> <p>She holds a Bachelor of Arts Degree in Public Administration and International Relations from the University of Nairobi and currently pursuing a Master Degree in Business Administration (MBA) at the African Nazarene University. She was born in the year 1959.</p> <p>Prior to her appointment, she held prominent administrative positions in several State Organizations including Jomo Kenyatta Foundation (JKF) where she served as a Director, and Kerio Valley Development Authority where she served as Chairperson. She also served as a member at the National Anti-Corruption Campaign Steering Committee.</p> <p>Commissioner Sophia Lepuchirit, EBS is an anti-corruption crusader, community mobilizer, gender activist, a promoter of affirmative action for the marginalized categories and communities. She is a member of the Minority Rights Groups, London (MRG), International Working Group on Indigenous Issues (IGWIA) – Denmark, and Kenya Pastoralist Forum.</p>

<b>COMMISSION MEMBERS</b>	
 <p><b>Commissioner Dr. Dabar Abdi Maalim</b></p>	<p>Commissioner Dr. Dabar Abdi Maalim was appointed a Commissioner in January 2016.</p> <p>He holds a PhD in Community Health from University of Reading (UK) and Master Degree from Wales College of Medicine, Cardiff (UK). He was born in the year 1957.</p> <p>He has over 12 years of experience as a university academician having attained the rank of Assistant Professor at Aga Khan University, East Africa.</p> <p>Commissioner Dr. Maalim has also consulted for various national and international institutions including the Government of Kenya, DANIDA, UNICEF-Ethiopia, and World Health Organisation (WHO) both in Kenya and Eritrea, Islamic Development Bank among others. He was the Team Leader/ Coordinator of the Millennium Villages Project (Kenya) and Associate Research Scientist – Earth Institute, Columbia University USA between November 2010 and January 2012.</p>
 <p><b>Commissioner Paul Mwaniki Gachoka, EBS</b></p>	<p>Commissioner Paul Mwaniki Gachoka was appointed a Commissioner in January 2016.</p> <p>He is an Advocate of the High Court of Kenya. He is a holder of a Bachelor of Laws Degree from the University of Nairobi and holds a Master of Arts in Philosophy and Ethics from Strathmore University. He was born in the year 1965. He is a fellow of Chartered Institute of Arbitrators and Accredited Mediator</p> <p>Commissioner Gachoka has in-depth legal experience in Kenya and is the Principal Partner at Mwaniki Gachoka and Co. Advocates, representing clients in multi-disciplinary commercial, conveyancing services and civil cases.</p> <p>He has served as a Director of several private Companies; Further, he has served as a Council Member of the Law Society of Kenya (2003 to 2006).</p>

COMMISSION MEMBERS	
 <p style="text-align: center;"><b>Commissioner Rose Mghoi Macharia</b></p>	<p>Commissioner Rose Mghoi Macharia was appointed a Commissioner in January 2016.</p> <p>She holds a Master Degree in Human Resource Development from the Institute for Development Policy and Management (IDPM) of the University of Manchester and a Bachelor Degree in Education from University of Nairobi. She was born in the year 1958.</p> <p>She is a seasoned Human Resource professional and has a wealth of experience in public sector management, education, people development and strategy. She has worked in the Education Sector as a Graduate Teacher, Lecturer and Senior Education Officer.</p> <p>She also has valuable experience in developing human capital in various State Corporations such as Higher Education Loans Board, Nyayo Tea Zones Development Corporation and Information Communication and Technology Authority.</p>
 <p style="text-align: center;"><b>Mr. Twalib Mbarak, CBS Secretary/Chief Executive Officer</b></p>	<p>Mr. Twalib Mbarak, CBS was appointed Secretary/Chief Executive Officer of the Ethics and Anti-Corruption Commission in January 2019.</p> <p>He is a holder of Master of Arts Degree in Armed Conflict and Peace Studies and Bachelor of Arts degree from the University of Nairobi. He was born in 1965.</p> <p>Mr. Twalib Mbarak, CBS joined the Kenya Armed Forces in 1984 where he rose through the ranks and retired as a Major in 1999. He has also served with the National Intelligence Service (NIS), Kenya Anti-Corruption Commission (KACC) and Kenya Electricity Generating Company (KenGen).</p> <p>Mr. Twalib Mbarak, CBS has extensive experience in Security, Intelligence and Investigation Management. He is a Certified Security Management Professional from the International Security Management Institute, UK. In Kenya, he founded the Association of Corporate and Industrial Security Professionals (ACISMP) an association directing the corporate security in Kenya.</p>

**III. MANAGEMENT TEAM**

<b>MANAGEMENT TEAM</b>		
 <p><b>Mr. Twalib Mbarak, CBS - Secretary/Chief Executive Officer</b></p>	<p>Master of Arts in Armed Conflict &amp; Peace Studies</p> <p>Bachelor of Arts (Political Science and Sociology)</p> <p>Diploma in Armed conflict and Peace Studies</p> <p>Diploma Advanced Intelligence Course</p> <p>Diploma, Private Investigations</p> <p>Advanced Intelligence Course</p> <p>FBI undercover Certification Course</p> <p>Strategic Intelligence Course</p>	<p>Chief Executive Officer and Accounting Officer responsible for the day-to-day management of the Commission</p>
 <p><b>Mr. Abdi A. Mohamud, MBS – Ag. Deputy Chief Executive Officer</b></p>	<p>Master of Science (Security and Risk Management)</p> <p>Bachelor of Laws (LLB)</p> <p>Strategic Leadership Development Programme</p> <p>Senior Leadership and Management Course</p> <p>Corporate Governance Course</p> <p>Local and International Fraud Investigation courses</p>	<p>He is Ag. Deputy Chief Executive Officer and Head of the Investigation Directorate</p>
 <p><b>Mr. David K. Too, OGW - Director, Legal Services &amp; Asset Recovery</b></p>	<p>Master of Business Administration</p> <p>Bachelor of Laws (LLB)</p> <p>Diploma in Law</p> <p>Strategic Leadership Development Programme Course</p> <p>Senior Management Course;</p> <p>Corporate Governance Training Course;</p>	<p>Head of Legal Services &amp; Asset Recovery Directorate</p>

<b>MANAGEMENT TEAM</b>		
	<p>Master of Social Science (Development Administration)</p> <p>Bachelor of Arts (Political Science)</p> <p>Strategic Leadership Development Programme Course</p> <p>Certification in Governance Ethics and Anti - Corruption Reforms</p>	<p>Head of Ethics and Leadership Directorate</p>
<p><b>Ms. Lucy W. Kinuthia, MBS - Director, Ethics &amp; Leadership</b></p> 	<p>Master of Arts (Economics &amp; Social Studies)</p> <p>Master of Arts in Economic Policy Management</p> <p>Bachelor of Arts (Economics)</p> <p>Strategic Leadership Development Programme Course</p> <p>Corporate Governance Course</p>	<p>Head of Preventive Services Directorate</p>
<p><b>Mr. Vincent O. Okong'o - Director, Preventive Services</b></p> 	<p>Master of Business Administration (Finance)</p> <p>Bachelor of Commerce -Accounting Option.</p> <p>Certified Public Accountant-K</p> <p>Strategic Leadership Development Programme Course</p> <p>Corporate Governance Course</p> <p>Senior Management Course</p>	<p>Head of Finance and Planning Directorate</p>
<p><b>Mr. Joel I. Mukumu - Director, Finance and Planning</b></p>		

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

<b>MANAGEMENT TEAM</b>		
	<p>Master of Science in ICT Policy and Regulation</p> <p>Bachelor of Science (Mathematics &amp; Computer Science)</p> <p>Post Graduate Diploma in Computer Science, Strategic Leadership Development Programme Course</p> <p>Certificate Course in Governance, Ethics and Economic Crimes</p> <p>Economic Crime Intelligence Course</p> <p>Corporate Governance Course</p>	<p>Head of Field Services &amp; Coordination Directorate</p>
<p><b>Mr. Jackson K. Mue - Director, Field Services &amp; Coordination</b></p>		<p>Master of Science (Procurement &amp; Logistics)</p> <p>Bachelor of Science (Mathematics &amp; Physics)</p> <p>Diploma in Purchasing &amp; Supplies Management</p> <p>Strategic Leadership Development Programme Course</p> <p>Senior Management Course</p> <p>Corporate Governance Course</p>
<p><b>Mr. Robert K. Wachira- Deputy Director, Supply Chain Management</b></p>		<p>Head of Human Resource Management</p>
<p><b>Ms. Ellyjoy G. Bundi- Assistant Director, Human Resource Management</b></p>	<p>Master of Business Administration (HRM)</p> <p>Bachelor of Education</p> <p>Diploma in Human Resources Management</p> <p>Strategic Leadership Development Programme Course</p> <p>Corporate Governance Course</p> <p>Senior Management Course</p>	

#### IV. STATEMENT OF THE CHAIRPERSON

The Ethics and Anti-Corruption Commission is committed towards continuously improving the welfare of its staff through implementation of various products such as the EACC Staff Mortgage and Car Loan Scheme. The Scheme has been in existence for the last five (5) years and is implemented in line with Salaries and Remuneration Commission Guidelines. The benefits derived contribute to attraction and retention of staff.

The National Treasury has funded the scheme in consecutive financial periods totalling to **Kes. 985 million** as at the time of reporting. The Commission appreciates the support of the Government through the National Treasury. The uptake of the mortgage and car loan has been on an increase and the Commission continue to review the products available to ensure optimal uptake of the facility. Some of the recent products introduced include the Sharia compliant products, as well as, equity release, plot purchase and buy and build among others.

The governance and management of the Scheme is as set out in the loan entitlement and conditions stipulated in the Staff Mortgage and Car Loan Scheme Policies and Regulations and as per the guidelines issued by the Salaries and Remuneration Commission.

I urge all staff to utilize the opportunity to improve on their wellbeing as well as that of their families. I further wish to state the uptake of the facility has a direct effect in supporting the Government's Big Four Agenda on affordable housing.

God bless Kenya,

  
**ARCHBISHOP (EMERITUS) DR. ELIUD WABUKALA, EBS**  
**CHAIRPERSON**

## V. REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER

The Staff Mortgage and Car Loan Scheme is established and governed in line with existing Government regulations. In this regard, the EACC hereby presents the Financial Statements of the Staff Mortgage and Car Loan scheme for the year ending 30th June, 2021. The Financial Statements presented comprise of the Statement of financial performance, Statement of the Financial Position, Statement of Changes in Net Assets and Statement of Cash Flow.

The Commission ensures prudent financial management and reporting in line with Public Finance Management Act (PFMA) 2012, Public Financial Regulations, 2015 and International Public Sector Accounting Standards (IPSAS). As result, the administration of the Scheme has been efficient and effective in meeting the intended purpose.

The implementation and administration of the Scheme is overseen by a Staff Mortgage and Car Loan Scheme Advisory Committee in liaison with external professional service providers. The Committee meets regularly to consider loans applications and make recommendations to the Service provider. The National Treasury has funded the scheme since inception to a tune of Kes. 985 million as at the time of reporting. Over time, the Scheme portfolio has grown to Kes. 1,368,559,913. arising from funding from the National Treasury and interest charged on loans. So far, the Scheme has facilitated 154 applicants for mortgage and 95 applicants for car loans.

During the period under review, 79 mortgage applicants benefitted while 27 car loan applicants were facilitated. The total amount disbursed during the financial year under review to facilitate staff Mortgage was Kes. 1,038,296,542 While car loans issued were Kes. 124,096,300.

The scheme continues to meet its objective of creating an enabling environment for optimal productivity by providing a competitive loan scheme for members of Staff. The Scheme has been beneficial to staff and has enhanced staff morale and productivity. I encourage all staff members to utilize the facility for improvement of their welfare and to remain resilient and focused in the performance of their duties.



**TWALIB MBARAK, CBS**  
**SECRETARY/ CHIEF EXECUTIVE OFFICER**

## **VI. CORPORATE GOVERNANCE STATEMENT**

The Ethics and Anti-Corruption Commission (EACC) is a Constitutional Commission created pursuant to Article 79 of the Constitution of Kenya 2010 and established under Section 3 of the Ethics and Anti-Corruption Commission Act No. 22 of 2011. The EACC Act details the functions and powers of the Commission, to provide for the qualifications and procedures for the appointment of the Chairperson and Members of the Commission, and for connected purposes.

Section 4 of the Act provides for the composition and appointment of the Commission which consist of a Chairperson and four other Members appointed in accordance with the provisions of the Constitution and the Act. The Chairperson and Members of the Commission are appointed for a single term of six (6) years and serve on a part-time basis. The functions of the Commissioners include; policy formulation, strategic direction, establishing and maintaining strategic linkages and partnerships with other stakeholders in the rule of law and other governance sector, among others.

The Secretary to the Commission is also the Chief Executive Officer and Accounting Officer. The Secretary is responsible for; carrying out of the decisions of the Commission; day-to-day administration and management of the affairs of the Secretariat and the performance of such other duties as may be assigned by the Commission.

The mandate of the Commission is to; educate and create awareness; undertake preventive measures against unethical and corrupt practices; conduct investigations on its own initiative or on a complaint made by any person; recovery corruptly acquired an unexplained asset. In performing its function, the commission may engage such experts as may be necessary for the performance of its functions. To ensure access to its services in all parts of the Republic in accordance with Article 6 (3) of the Constitution, the Commission has established 11 Regional Offices and has presence in 50 Huduma Centres across the Country.

In order to effectively undertake its functions, the Commission has established five (5) Committees. The Committees include; Risk and Audit Committee, Finance and Supply Chain Management, Law Enforcement, Support Services, and Corruption Prevention, Education and Public Engagements. The Committees are comprised of Commissioners and relevant heads of Directorates and Departments. The conduct of meetings is guided by the Second Schedule of the EACC Act.

The Commission is implementing its Strategic Plan, 2018-2023 which has provided strategic direction for the period under review. The Plan is implemented through annual budgets, procurement plan and work plans. The Commission reports on its programmes and activities to the National Assembly through quarterly and annual plans. The Commission also prepares annual financial statements in accordance with the law and is audited by the Office of the Auditor General.

## VII. MANAGEMENT DISCUSSION AND ANALYSIS

The Scheme was introduced five (5) years ago and has a fund portfolio of Kes 1.367 Billion as reported in the period under review.

The number of staff who have shown interest in Mortgage and Car Loan facility has continued to grow. It has grown overtime recording 154 successful applications for mortgage amounting to Kes. 1,038,296,542 and 95 successful applications for Car Loan amounting to Kes. 124,096,300 as at the end of the period under review.

### Performance for the periods 2015/2016 to 2020/2021

	Mortgage	Car Loan	Total
	Kes	Kes	Kes
Exchequer funding HFC Schemes	520,000,000	25,000,000	545,000,000
Exchequer funding KCB Schemes	427,000,000	13,000,000	440,000,000
Principal repayments received HFC	129,833,407	77,470,933	207,304,340
Principal repayments received KCB	13,417,138	505,846	13,922,984
Interest earned on HFC Schemes	106,567,008	32,616,039	139,183,047
Interest earned on KCB Schemes	22,920,296	229,246	23,149,543
<b>Total Inflows</b>	<b>1,219,737,849</b>	<b>148,822,064</b>	<b>1,368,559,913</b>
Loans Issued HFC Schemes	658,068,818	116,416,300	774,485,118
Loans Issued KCB Schemes	380,227,724	7,680,000	387,907,724
Scheme Administration Cost	67,069,456	6,511,949	73,581,406
<b>Total Outflows</b>	<b>1,105,365,998</b>	<b>130,608,249</b>	<b>1,235,974,248</b>
<b>Net Inflows</b>	<b>114,371,850</b>	<b>18,213,815</b>	<b>132,585,665</b>

The effects of Covid -19 have continued to affect the property market, creating mismatch between the demand and supply. The Scheme therefore prioritizes processing of loan application based on the order of application – *'first come, first served basis'*.

## **VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

EACC exists to combat and prevent corruption and Economic crimes and unethical conduct in Kenya.

It's what guides us to deliver our strategy, which is founded on four pillars:

Below is a brief highlight of our achievements in each pillar

### **1. Ethics and Anti-Corruption Commission Sustainability**

Articles 79 and 252 that anchor the Commission in the Constitution of Kenya 2010, have been the greatest boon to the sustainability of the Commission and the war against corruption in Kenya. Correspondingly, the National Assembly has enacted and or amended several Statutes that enable the Commission to carry out its mandate, among which are, the Ethics and Anti-Corruption Act, 2011, the Leadership and Integrity Act, 2012 and the Anti-Corruption and Economic Crimes Act, 2003.

Moreover, there have been continuous and incremental disbursements from the exchequer to the Commission each year. The Commission's budget has increased from Kes. 2,957,220,000 to Kes. 3,272,200,000 between 2015 and 2021. This indicates government commitments in fight against corruption. Further, recent developments in the war against graft have sparked greater interest and commitment from partners and donors. Donors have been participating by offering both operational and technical support.

The establishment of the Anti-Corruption Division of the High Court that is premised on the fact that corruption matters are heard on a continuous basis has contributed to the sustainability of the war against graft.

### **2. Environmental Performance**

In order to embrace sustainable waste disposal, the Commission has installed waste bins in strategic locations and put in place Service Level Agreements for collection and disposal of the various categories of waste generated in its premises.

During the period under review, the management has issued various directives and made initiatives aimed at leveraging technology and embracing electronic communication as opposed to over-reliance on printed communication. This has effectively reduced consumption of paper by the Commission. The Commission has a Corporate Social Responsibility Programme whose objectives include conservation of the environment through improvement of forest cover by planting

### **3. Employee Welfare**

The Commission has a policy on recruitment which states the Commission's commitment to ensuring that the one third gender rule is observed as well promotes affirmative action to ensure diversity in the workplace. In addition, the Commission's Shortlisting and Interview Guidelines ensure that recruitment processes are geared towards observing and promoting regional and gender balance. Currently the percentage gender distribution is 39.8% female and 60.2% male, while the ethnic representation within the Commission is thirty-one (31) ethnic tribes out the forty (46) existing ethnic communities. The Commission also has a Career Progression Guidelines which outlines the growth of job holders and specifies the requirements of each position thus making officers aware of the requisite skills required to grow in their careers. The policies are reviewed from time to time as the Commission determines but within two (2) to three (3) years. The Commission has an Annual Training Plan which is funded to ensure that all staff get an opportunity to be trained based on the training needs identified in the course of their work and during the performance appraisal. The Commission also supports officers to be in good professional standing with their professional bodies by facilitating their Annual Subscription and Continuous Professional Development (CPD) training. Further staff are trained in career development courses, specialised skills and seminars and workshops.

The Commission has a robust Performance Management System that comprise tools such as the Target Setting Form and the Annual Performance Appraisal Form which guides the target setting and appraisal processes in the Commission. Targets are set at the beginning of the financial year and appraisal is done at the end of the year based on the targets agreed between the supervisor and the supervisee at the beginning of the year. All staff are sensitised on the use of the tools which are reviewed every two to three years. The Commission recommends officers for National honours and awards and issues commendation letters in recognition of exemplary performance. Further proposals to consider reviewing allowances paid to staff have been submitted to Salaries and Remuneration Commission (SRC) for consideration, within the financial year under review. The Commission has a Health and Safety Policy that is in compliance with the Occupational Safety and Health Act of 2007.

### **4. Market Place Practices**

Ethics and Anti-Corruption Commission operates in an environment with a wide range of risk profiles, making anti-bribery a central focus of our concern for compliance. Public Procurement Code of Ethics for Procuring Entities provides comprehensive coverage on anti-bribery and anti-corruption guidelines, addressing such issues as fraud, bribery, conflicts of interest, among others. Further, the Commission

has established guidelines on management of conflict of interest geared towards promoting ethics and integrity in the workplace. Together, these policies emphasize the fact that Ethics and Anti-Corruption Commission strictly prohibits bribery in any form, including but not limited to kickbacks, indirect bribery, unlawful political contributions, and improper charitable contributions.

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

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

**a) Responsible supply chain and supplier relations**

The Commission highly regards adherence to all statutory and best practices within its supply chain management as a fundamental factor in value creation and an important lever for minimizing risks. For this reason, The Commission considers economic, social, ethical, and environmental standards in all of its procurements and disposal processes. The aforementioned standards are also applied when selecting new suppliers and while relating with existing suppliers.

The Commission provides all the sufficient information to enhance supplier confidence and competition in all its bidding processes. Additionally, the use of online procurement modules and online contract publications has enhanced efficiency and increases trust in our procurement process. The Commission is committed to honour all suppliers demanded as stipulated in each contract.

**b) Responsible marketing and advertisement**

In addition to maximizing value for money in its procurement the Commission applies the preference and reservation schemes which allows has benefited the small and micro enterprises owned by youth women and persons with disability. To achieve this, the Commission engaged on a robust advertisement program of all its activities which entailed different mode targeting the intended audience

**c) Product stewardship**

In the entire supply chain system, the Commission developed procurement requirements with the aim of reducing the environmental, health and safety impacts of the goods, works and services procured. This has been achieved by It is evaluating the environmental costs associated with goods, works and services throughout their life cycles.

**5. Corporate Social Responsibility / Community Engagements**

The EACC's corporate social responsibility is based on the fact that, as part of the Kenyan society, we have responsibilities that go beyond our legal obligations for the benefit of the society at large. Our corporate social responsibility entails community engagement, supporting community activities, responding to emerging challenges, donating to charities, helping the needy and application of ethical conduct and participating in matters of topical national interest in Kenya. Our Corporate Social Responsibility, CSR, strategy involves building relationships and partnerships and working together with organizations that we believe advance the wellbeing of Kenyans. The EACC's CSR decisions are made in the best interest of the society. During the year under review, the Commission, offered support to the families affected by the landslide in West Pokot County.

## **IX. REPORT OF THE COMMISSION AND THE SCHEME**

The Commission submits its report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Commission's affairs.

### **Principal activities**

The principal activities of the Commission are to investigate corruption and economic crimes, recover lost public property and obtain compensation for damaged public property, prevent corruption, conduct public education on the dangers of corruption and promote ethics and integrity.

### **Results**

The results of the entity for the year ended June 30, 2021 are set out on page 1 to 14.

### **Commissioners**

The Commission members of who served during the year are shown on page v to vii in accordance with Ethics and Anti-Corruption Act, 2011.

### **Surplus remission**

The Staff Mortgage and Car Loan Scheme made a surplus of Kes **13,594,318** during the year 2020/2021. This is a staff scheme that operates as a revolving fund therefore no surplus was remitted to the Consolidated fund.

### **Auditors**

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

## **X. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and Section 26 of the Ethics and Anti-Corruption Act, require the Management to prepare Financial Statements in respect of EACC, which give a true and fair view of the state of affairs of the Commission at the end of the financial year. The Management is also required to ensure that the Commission and the Scheme keep proper accounting records which disclose with reasonable accuracy the financial position of the Commission and the Scheme. The Management is also responsible for safeguarding the assets of the Commission and the Scheme.

The management is responsible for the preparation and presentation of the Scheme's Financial Statements, which give a true and fair view of the state of the affairs of the Scheme for and as at the end of the financial year ended on June 30, 2021. 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 entity; (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; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Management accepts responsibility for the Scheme's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the Ethics and Anti-Corruption Act. The management is of the opinion that the Scheme's financial statements give a true and fair view of the state of the Scheme's transactions during the financial year ended June 30, 2021, and of the Scheme's financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme financial statements as well as the adequacy of the systems of internal financial controls.

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

### **Approval of the financial statements**

The Scheme's Financial Statements were approved by the Commission on 7<sup>th</sup> September, 2021 and signed on its behalf by:



**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS  
Chairperson**



**Twalib Mbarak, CBS  
Secretary/Chief Executive Officer**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON ETHICS AND ANTI-CORRUPTION COMMISSION - STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2021**

---

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Ethics And Anti-Corruption Commission - Staff House Mortgage and Car Loan Scheme as set out on pages 1 to 14, which comprise the statement of financial position as at 30 June, 2021 and, the statement

---

*Report of the Auditor-General on Ethics And Anti-Corruption Commission - Staff House Mortgage and Car Loan Scheme for the year ended 30 June, 2021*

of financial performance, statement of changes in net assets, statement of cash flows and 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, 2021, 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) Regulations, 2017, Ethics and Anti-Corruption Commission (EACC Staff House Mortgage Scheme) Regulations, 2017 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Information**

"The Commissioners are responsible for the other information, which comprises the Chairman's Report, Secretary/Chief Executive Officer's report, the statement of corporate governance, management discussions and responsibilities, statement of corporate social responsibility and the statement of commissioners' 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.

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

### **Conclusion**

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

## **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and 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.

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

Commissioners are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Scheme 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**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Scheme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

09 November, 2021

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

		<b>2020-2021</b>	<b>2019-2020</b>
	<b>Notes</b>	<b>Kes.</b>	<b>Kes.</b>
<b>Revenue from exchange transactions</b>			
Interest on Bank Balance	5	5,781,311	7,244,085
Interest on Individuals Staff House Mortgage and Car Loans	6	31,261,631	26,096,486
<b>Total Revenue</b>		<b>37,042,942</b>	<b>33,340,571</b>
<b>Expenses</b>			
3% Commission to Service Provider	7	23,446,224	19,572,365
Bank Service Charges	8	2,400	1,785
<b>Total Expenses</b>		<b>23,448,624</b>	<b>19,574,150</b>
<b>Surplus for the period</b>		<b>13,594,318</b>	<b>13,766,421</b>

The notes set out on pages 6 to 13 form part of these financial statements

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Commission



**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS  
Chairperson**



**Twalib Mbarak, CBS  
Secretary/Chief Executive Officer**



**Joel I. Mukumu, ICPAK No: 5917  
Director, Finance & Planning**

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

		2020-2021	2019-2020
	Notes	Kes.	Kes.
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	132,585,664	238,370,009
Short term receivables from staff House Mortgage	10	55,614,257	42,054,731
Short term receivables from staff Car Mortgage	10	16,842,507	20,229,636
		<b>205,042,428</b>	<b>300,654,377</b>
<b>Non-Current Assets</b>			
Long term receivables from staff House Mortgage	11	839,431,739	598,011,175
Long term receivables from staff Car Mortgage	11	29,277,015	36,491,312
		<b>868,708,754</b>	<b>634,502,486</b>
<b>Total Assets</b>		<b>1,073,751,182</b>	<b>935,156,863</b>
<b>Net Assets</b>			
Reserves (Accumulated fund)	12	88,751,182	75,156,863
Mortgage and Car Loan Revolving fund	13	985,000,000	860,000,000
		<b>1,073,751,182</b>	<b>935,156,863</b>
<b>Total Net assets and Liabilities</b>		<b>1,073,751,182</b>	<b>935,156,863</b>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Commission



**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS  
Chairperson**



**Twalib Mbarak, CBS  
Secretary/Chief Executive Officer**



**Joel I. Mukumu, ICPAK No: 5917  
Director, Finance & Planning**

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

STATEMENT OF CHANGES IN NET ASSETS

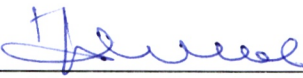
FOR THE YEAR ENDED 30 JUNE 2021				
	Notes	Staff Car Loan and Mortgage Scheme	Revenue Reserve	Total
		Kes.	Kes.	Kes.
Balance as at 30 June 2019		770,000,000	61,390,443	831,390,443
Staff car loan and mortgage scheme		90,000,000		90,000,000
Surplus for the period		-	13,766,421	13,766,421
<b>Balance as at 30 June 2020</b>		<b>860,000,000</b>	<b>75,156,864</b>	<b>935,156,864</b>
Staff car loan and mortgage scheme	15	125,000,000		125,000,000
Surplus for the period		-	13,594,318	13,514,398
<b>Balance as at 30 June 2021</b>		<b>985,000,000</b>	<b>88,751,182</b>	<b>1,073,751,182</b>

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2020-2021	2019-2020
		Kes.	Kes.
<b>Cash flows From Operating Activities</b>			
Surplus from operations		13,594,318	13,766,421
		<b>13,594,318</b>	<b>13,766,421</b>
<b>Income from Operations</b>			
(Increase) Staff Mortgage and Car Loan long term receivables		(234,206,267)	(86,763,753)
(Increase) Staff Mortgage and Car Loan short term receivables		(10,172,396)	(13,711,622)
(Decrease) in payables		-	(1,836,397)
<b>Net cash flows from operating activities</b>		<b>(230,784,345)</b>	<b>(88,545,351)</b>
<b>Cash flows From Investing Activities</b>			
		-	-
<b>Net cash utilized in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows From Financing Activities</b>			
Staff Mortgage and Car Loan Scheme	15	125,000,000	90,000,000
<b>Net cash used in Financing activities</b>		<b>125,000,000</b>	<b>90,000,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>(105,784,345)</b>	<b>1,454,649</b>
Bank and Cash equivalents at beginning of year		238,370,009	236,915,361
<b>Bank and cash equivalent at end of year</b>	8	<b>132,585,664</b>	<b>238,370,009</b>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Commission

  
**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS**  
**Chairperson**

  
**Twalib Mbarak, CBS**  
**Secretary/Chief Executive Officer**

  
**Joel I. Mukumu, ICPAK No: 5917**  
**Director, Finance & Planning**

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget 2020-2021	Adjustments 2020-2021	Final budget 2020-2021	Actual on comparable basis 2020-2021	Performance difference 2020-2021	% of Utilization
	Kes	Kes	Kes	Kes	Kes	Kes
Revenue						
Government grants and subsidies	-	-	-	-	-	-
Development Expenditure	-	-	-	-	-	-
Staff mortgage Car loan	125,000,000	-	125,000,000	125,000,000	-	100%
Other Income				37,042,942	37,042,942	0%
<b>Total income</b>	<b>125,000,000</b>	<b>-</b>	<b>125,000,000</b>	<b>162,042,942</b>	<b>37,042,942</b>	
Expenses						
Compensation of employees	-	-	-	-	-	
Total expenses	-	-	-	23,448,624	(23,448,624)	0%
Staff Loan	125,000,000	-	125,000,000	125,000,000	-	100%
<b>Total expenditure</b>	<b>125,000,000</b>		<b>125,000,000</b>	<b>148,448,624</b>	<b>(23,448,624)</b>	
<b>Surplus for the period</b>				<b>13,594,318</b>	<b>13,594,318</b>	

**Note:**

**Other income:** The other income is as a result of interest on loans issued and interest received from bank balances not included in budget estimates.

**Use of goods and service:** This represents cost of scheme administration recovered by scheme administrators but not included in the budget estimates.

**Staff Loan:** This represents the actual budgetary allocation during the financial year.

**0% utilization:** The Scheme is dependent on the EACC budget. Therefore, the Scheme only budgeted for remittance from the Commission and by extension the National Treasury

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of compliance and basis of preparation – IPSAS 1

The Scheme's Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Scheme. The accounting policies have been consistently applied to all the years presented.

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The Cash Flow statement is prepared using the indirect method. The Financial Statements are prepared on accrual basis of accounting.

### 2. Summary of significant accounting policies

#### a) Revenue recognition

#### Revenue from non-exchange transactions – IPSAS 23

Income is recognized in the period in which it is received. Government and donor funding is only recognized on receipt. Income is not accrued if its recoverability is considered doubtful. Interest income is recognized on a time proportion basis using the effective interest rate method.

#### Transfers from other government entities

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

#### *Sale of goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Scheme.

#### *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 each period.

*Notes to financial statements continued...*

**b) Budget information – IPSAS 24**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**c) Investment property – IPSAS 16**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if their recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**d) Property, plant and equipment – IPSAS 17**

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

**e) Intangible assets–IPSAS 31**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible assets is assessed as either finite or indefinite.

*Notes to financial statements continued...*

**f) Inventories – IPSAS 12**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**g) Provisions – IPSAS 19**

Provisions are recognized when the Scheme has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service Potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Scheme Committee expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is Virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

**i) Changes in accounting policies and estimates – IPSAS 3**

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

**j) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known

## Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

### **k) Comparative figures**

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

### **l) Significant judgments and sources of estimation uncertainty – IPSAS 1**

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

#### *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

#### *Useful lives and residual values*

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

**3 Adoption of new and Revised Standards**

- i. Relevant new standards and amendments to published standards effective for the year ended 30<sup>th</sup> June 2021

Standard	Impact
IPSAS 39: Employee Benefits	<p>Applicable: 1st January 2018:</p> <p>The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p> <p>(This is not applicable for EACC since there are no employees paid to work for the scheme)</p>

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	<p>Applicable: 1st January 2019:</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations. (This is not applicable for EACC)</p>

**4 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 entity and can be measured reliably. Recurrent grants are recognized in the statement of Financial Performance. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

**5 Interest on Bank Balance**

	<b>2020-2021</b>	<b>2019-2020</b>
<b>Item</b>	<b>Kes.</b>	<b>Kes.</b>
Staff Mortgage Bank Account HFC	1,762,253	1,953,322
Staff Mortgage Bank Account KCB	3,333,817	4,585,377
Interest overstated in previous period	-	(6,394)
Interest Car Loan Bank Account KCB	104,067	-
Interest Car Loan Bank Account HFC	580,634	711,779
<b>Total Income from Bank Balance</b>	<b>5,781,311</b>	<b>7,244,085</b>

**6 Interest on Individuals Staff House Mortgage and Car Loans**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kes.</b>	<b>Kes.</b>
Individual Staff Mortgage 4% Interest	29,144,201	23,704,368
Individual Car Loan 4% Interest	2,117,430	2,392,118
<b>Total Individual Staff Interest</b>	<b>31,261,631</b>	<b>26,096,486</b>

**7 Expenses; 3% commission for service Provider**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kes.</b>	<b>Kes.</b>
Individual Staff Mortgage 3% Interest	21,858,151	17,778,276
Individual Car Mortgage 3% Interest	1,588,073	1,794,088
<b>Total Expenses</b>	<b>23,446,224</b>	<b>19,572,365</b>

**8 Bank Service Charges**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kes.</b>	<b>Kes.</b>
Mortgage Bank accounts	1,800	1,785
Car Loan Bank accounts	600	-
<b>Total Expenses</b>	<b>2,400</b>	<b>1,785</b>

**9 Cash and Cash Equivalent**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kes.</b>	<b>Kes.</b>
HFC Staff Mortgage Bank Account	38,046,086	63,329,701
KCB Staff Mortgage Bank Account	76,325,765	146,641,319
KCB Car Loan Bank Account	5,961,613	-
HFC Car Loan Bank Account	12,252,202	28,398,989
	<b>132,585,664</b>	<b>238,370,009</b>

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

**10 Short -Term Receivables from Mortgage and Car loan**

	2020-2021 Kes.	2019-2020 Kes.
EACC Mortgage Issuance	55,614,257	42,054,731
EACC Car Loan Issuance	16,842,507	20,229,636
<b>Total Short -Term Receivables</b>	<b>72,456,764</b>	<b>62,284,368</b>

**11 Long -Term Receivables from Mortgage and Car loan**

	2020-2021 Kes.	2019-2020 Kes.
EACC Mortgage Issuance	839,431,739	598,011,175
EACC Car Loan Issuance	29,277,015	36,491,312
<b>Total Long -Term Receivables</b>	<b>868,708,754</b>	<b>634,502,486</b>

**12 Revenue Reserve**

	2020-2021 Kes.	2018-2019 Kes.
Balance Brought Forward	75,156,863	61,390,442
Surplus for the year	13,594,318	13,766,421
<b>Total</b>	<b>88,751,181</b>	<b>75,156,863</b>

**13 Mortgage and Car Loan Revolving fund**

Item	2020-2021 Kes.	2019-2020 Kes.
Balance Brought Forward	860,000,000	770,000,000
Staff House Mortgage	120,000,000	90,000,000
Staff Car Loan	5,000,000	-
<b>Total</b>	<b>985,000,000</b>	<b>860,000,000</b>

**14. Scheme Performance**

The Scheme recorded 57 applications for Mortgage amounting to Kes. 298,344,970 and 10 for Car Loan amounting to Kes. 13,138,000 as at the end of the period under review compared with 22 successful applications for Mortgage and 17 successful applications for Car loan in the previous financial year as analysed below.

Statement of Scheme Performance				
Scheme	2020-2021		2019-2020	
	Number of successful applicants	Amount	Number of successful applicants	Amount
Staff Mortgage	57	298,344,970	22	176,407,429
Staff Car Loan	10	13,138,000	17	32,648,500
	<b>67</b>	<b>311,482,970</b>	<b>39</b>	<b>209,055,929</b>

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

**15. EACC Staff Car Loan and House Mortgage Scheme**

The Commission funded the Scheme; Kes. 125,000,000/- for Staff Car Loan and Mortgage Scheme.

<b>Scheme accountability Statement as at 30<sup>th</sup> June 2021</b>					
	<b>House Mortgage Scheme Interest</b>	<b>House Mortgage Scheme</b>	<b>Car Loan Scheme Interest</b>	<b>Car Loan Scheme</b>	<b>Total</b>
<b>Scheme Funding:</b>					
Opening Balance 01.07.2020		850,036,927		85,119,936	935,156,863
Funding for the year		120,000,000		5,000,000	125,000,000
<b>Total Principal Funding</b>		<b>970,036,927</b>		<b>90,119,936</b>	<b>1,060,156,863</b>
<b>Interest</b>					
Interest earned on Bank Balance HFC		1,792,253		580,633	2,342,886
Interest earned on Bank Balance KCB		3,333,817		104,607	3,438,424
Interest earned ;4% on Loans Issued	29,144,201		2,117,430		
Less:3% Administration fees	(21,858,151)	7,286,050	(1,588,073)	529,358	7,815,408
Bank Service Charges		(1,800)		(600)	(2,400)
<b>Total net Interest</b>		<b>12,380,320</b>		<b>1,213,998</b>	<b>13,594,318</b>
<b>Total Fund</b>		<b>982,417,247</b>		<b>91,333,934</b>	<b>1073,751,181</b>
Total Loans Issued KCB Bank	(380,227,724)		(7,680,000)		
Total Principal Repaid KCB Bank	13,417,287	(366,810,437)	(505,486)	(7,174,154)	(373,984,591)
Total Loans Issued HFC Bank	(658,068,818)		(116,414,300)		
Total Principal Repaid HFC Bank	129,833,259	(528,235,559)	77,470,933	(38,945,367)	(567,180,926)
<b>Total Fund Balance 30.06.2021</b>		<b>87,371,250</b>		<b>45,214,413</b>	<b>132,585,664</b>

**16. Events After the reporting period**

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

**17. Currency**

The Financial statements are presented in Kenya Shillings (Kes).

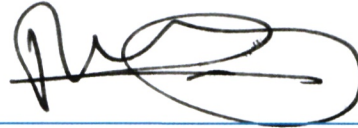
Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2021

**APPENDIX: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The Scheme did not have any Audit follow up issues for the previous Audited Financial Year 2019/20.



**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS  
Chairperson**



**Twalib Mbarak, CBS  
Secretary/Chief Executive Officer**