
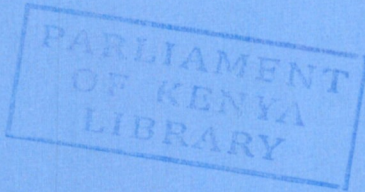




Enhancing Accountability

REPORT	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	22 DEC 2020 DAY: TUESDAY
TABLED BY:	LEADER OF THE MAJORITY
CLERK-AT THE TABLE:	R. K. TIAMPATI 

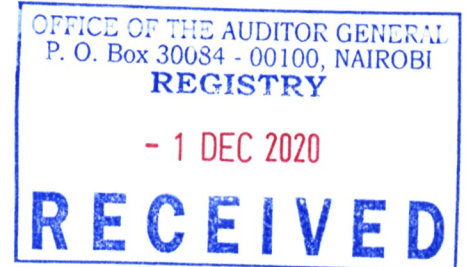
THE AUDITOR-GENERAL



ON

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

**FOR THE YEAR ENDED
30 JUNE, 2020**



ETHICS AND ANTI CORRUPTION COMMISSION
STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

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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. 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. Director of Investigation
4. Director of Preventive Services
5. Director of Legal Services
6. Director of Ethics and Leadership
7. Director of Field Services
8. Director of Finance and Planning
9. Assistant Director of Human Resources Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019.

Designation	Name
1. Secretary / Chief Executive Officer	Mr. Twalib Mbarak
2. Deputy Chief Executive Officer	Mr. Abdi A. Mohamud
3. Director of Preventive Services	Mr. Vincent Okong'o
4. Director of Legal Services	Mr. David Too
5. Director of Ethics and Leadership	Ms. Lucy Kinuthia
6. Director of Field Services	Mr. Jackson Mue
7. Director of Finance and Planning	Mr. Joel Mukumu
8. Assistant Director of Human Resources Management	Ms. Ellyjy Bundi

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020

(e) Fiduciary Oversight Arrangements

Commission Committees

Commission Committees	Members
Enforcement	Paul Mwaniki Gachoka Sophia Lepuchirit
Corruption Prevention, Education and Public Engagement	Dr. Dabar Maalim Rose Mghoi Macharia
Support Services	Rose Mghoi Macharia Dr. Dabar Maalim
Risk & Audit	Raphael Mingisian Lekolool (Independent Chairperson) Jane Micheni (Representative – National Treasury) Dr. Dabar Maalim Rose Mghoi Macharia
Finance, Planning and Supply Chain Management	Sophia Lepuchirit Paul Mwaniki Gachoka

(f) Entity Headquarters

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

(g) Entity Contacts

Headquarters, Nairobi
Integrity Centre
Jakaya Kikwete /Valley Road Junction
Po Box 61130-00200, Nairobi
E-mail 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, 2020

(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

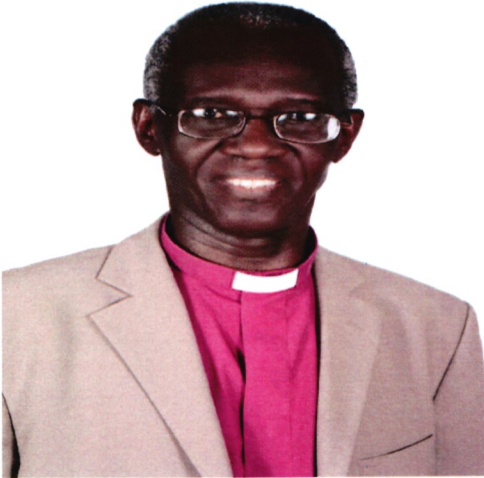

(i) Independent Auditors

Office of 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 COMMISSIONERS




COMMISSION MEMBERS	
 <p data-bbox="167 862 571 929">Archbishop (Rtd) Dr. Eliud Wabukala, EBS Chairperson</p>	<p data-bbox="635 347 1520 504">Archbishop (Rtd) Dr. Eliud Wabukala 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 data-bbox="635 526 1520 728">Archbishop (Rtd) Wabukala 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 data-bbox="635 750 1520 1019">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 (Rtd) Wabukala 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 data-bbox="635 1041 1520 1153">He has been involved in many peace mitigations and reconciliation including the 2007 post-election violence in Kenya. Archbishop Wabukala was also involved in the reform process in South Sudan.</p>
 <p data-bbox="239 1691 502 1758">Sophia Lepuchirit, Vice-Chairperson</p>	<p data-bbox="635 1189 1520 1301">Commissioner Sophia Lepuchirit was appointed a Commissioner in January 2016. She is the Vice Chairperson of the Ethics and Anti-Corruption Commission.</p> <p data-bbox="635 1332 1520 1489">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 data-bbox="635 1512 1520 1736">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 data-bbox="635 1769 1520 1991">Ms. Lepuchirit 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>

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020




COMMISSION MEMBERS	
 <p>Dr. Dabar Abdi Maalim Commissioner</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>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>Paul Mwaniki Gachoka Commissioner</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 data-bbox="213 770 520 837">Rose Mghoi Macharia Commissioner</p>	<p data-bbox="635 271 1524 342">Commissioner Rose Mghoi Macharia was appointed a Commissioner in January 2016.</p> <p data-bbox="635 383 1524 524">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 data-bbox="635 564 1524 705">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 data-bbox="635 745 1524 887">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 data-bbox="135 1424 603 1491">Mr. Twalib Mbarak, CBS Secretary/Chief Executive Officer</p>	<p data-bbox="635 969 1524 1077">Mr. Twalib Mbarak was appointed Secretary/Chief Executive Officer of the Ethics and Anti-Corruption Commission in January 2019.</p> <p data-bbox="635 1117 1524 1225">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 data-bbox="635 1265 1524 1444">Mr Mbarak 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 data-bbox="635 1485 1524 1704">Mr Mbarak 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

MANAGEMENT TEAM		
	<p>Master of Arts in Armed Conflict & Peace Studies</p> <p>Bachelor of Arts (Political Science and Sociology)</p> <p>Dip in Armed conflict and Peace Studies</p> <p>Diploma Advanced Intelligence Course, Advanced Intelligence Course, FBI undercover Certification Course, Seminar for Senior Management</p>	<p>He is the head of the Secretariat and responsible for the day to day management of the Commission</p>
	<p>Master of Science (Security and Risk Management)</p> <p>Bachelor of Laws (LLB)</p> <p>Senior Leadership and Management Course</p> <p>Police Training, Basic Investigations Course</p>	<p>He is Ag. Deputy Chief Executive Officer and Head of the Investigation Directorate</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 Directorate</p>
<p>Mr. David K. Too, OGW - Director, Legal Services</p>		

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020

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

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020

MANAGEMENT TEAM



Master of Science in ICT Policy and Regulation
 Bachelor of Science (Mathematics & Computer Science)
 Post Graduate Diploma in Computer Science,
 Strategic Leadership Development Programme Course
 Certificate Course in Governance, Ethics and Economic Crimes
 Economic Crime Intelligence Course
 Corporate Governance Course

Head of Field Services Directorate

Mr. Jackson K. Mue - Ag. Director, Field Services



Master of Business Administration (HRM)
 Bachelor of Education
 Diploma in Human Resources Management
 Strategic Leadership Development Programme Course
 Corporate Governance Course
 Senior Management Course

Head of Human Resource Management

Ms. Ellyjoy G. Bundi- Head of Human Resource Management

IV. STATEMENT BY THE CHAIRPERSON

The Ethics and Anti-Corruption Commission (EACC) 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 was initiated in the Financial Year 2016/17 and is implemented in line with Salaries and Remuneration Commission (SRC) Regulations and Guidelines. The benefits derived by staff from the Scheme are enormous, and contributes towards the attraction and retention of the requisite human capital for the discharge of the mandate of the Commission.

The National Treasury has continued to provide funds for the Scheme in the previous reporting periods cumulating to a total of Kshs. 770 Million as at the time of reporting. This is encouraging and we are grateful to the National Treasury for their continued support.

It is noteworthy, that the uptake of the mortgage and car loan has been on an increase and the Commission continues to review the products available to ensure optimal utility 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 arrangements, among others.

The governance and management of the fund is conducted as set out in the loan entitlement and conditions stipulated in the Staff Mortgage and Car Loan Scheme Policies and Regulations. 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.

God Bless Kenya,



ARCHBISHOP (RTD) DR. ELIUD WABUKALA, EBS
CHAIRPERSON

V. REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER

The Ethics and Anti-Corruption Commission (EACC) Staff Mortgage and Car Loan Scheme was initiated to create 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 witnessed increasing membership and contribution from the members of staff.

The Scheme is established and governed in line with existing Government regulations which also requires preparation of Financial Statements. In this regard, the EACC hereby presents the Financial Statements of the Staff Mortgage and Car Loan Scheme for the year ending 30th June, 2020. The Financial Statements presented comprises 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, Government 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.

During the period under review, the Scheme facilitated 97 applicants for mortgage and 85 applicants for car loan. The total amount disbursed to facilitate Staff Mortgage was Kshs 732,901,572 while Car Loan was Kshs. 110,958,300

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 established under Section 3 of the Ethics and Anti-Corruption Commission Act No. 22 of 2011. The Commission consist of a Chairperson and four other Members appointed in accordance with the provisions of the Constitution and the EACC Act.

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 chairperson and members of the Commission are appointed for a single term of six years. They serve on a part-time basis and their remuneration and allowances are set by the Salaries and Remuneration Commission.

The office of the Chairperson or a Member of the Commission may fall vacant if the holder dies, resigns, is convicted, absent from three consecutive meetings of the Commission without good cause, or is removed from office under any of the circumstances specified in Article 251 of the Constitution.

The Commission's operations and financial management are overseen by the Chief Executive Officer who is the Accounting Officer and Secretary to the Commission. The current operations are guided by the Strategic Plan 2018-2023, and an approved annual Budget based on programs and activities. The Budget is derived from detailed Work Plans which inform and guide the development of annual Procurement Plans.

In order to ensure efficiency and effectiveness in the implementation of its programmes and activities, the Commission has established the following Committees:

S/No.	Committee	Chairpersons
1.	Finance and Supply Chain Management	Vice Chairperson / Commissioner Sophia Lepuchirit
2.	Law Enforcement	Commissioner Paul Mwaniki Gachoka
3.	Support Services	Commissioner Rose Mghoi Macharia
4.	Corruption Prevention, Education and Public Engagements	Commissioner Dr. Dabar Abdi Maalim

These Committees co-opt their membership from technical directorates of the Commission to ensure seamless implementation of the strategic direction provided by the Commission.

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020

In addition to the Internal Audit Department, which is charged with the responsibility to continuously review systems and internal controls, the Commission has established the Risk and Audit Committee to undertake the statutory functions as provided under the Public Finance Management Act, 2012.

During the year under review, the Commission met regularly as was deemed necessary to dispatch its business through its Ordinary and Special meetings. In all the Commission and Committee meetings, there was adequate quorum to conduct the business of the Commission. Disclosure of conflict of interest is a requirement under the establishing law and a member is obligated to disclose the fact and not to take part in the consideration or deliberations thereof.

The Commission continues to strengthen its policies and procedures manuals and has initiated the development of a Service Charter to provide a mechanism of assessing its efficiency and effectiveness in service delivery. In addition, the Commission was inducted upon appointment and continuously undertake high-level capacity building programmes in the areas of corporate governance and leadership.

Finally, the quarterly financial statements are produced to facilitate continuous evaluation of the overall financial performance of the commission. The Commission is also required to prepare annual statutory financial statements which are audited by the Office of Auditor General.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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 Ksh. 2,957,220,000 to Ksh. 3,072,200,000 between 2015 and 2020. 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. 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 ensures 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 six (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

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020

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.

3. 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.

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020

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.

4. 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.

VIII. MANAGEMENT DISCUSSIONS AND ANALYSIS

The Scheme was introduced in the financial year 2015/2016 and has steadily grown from the initial Kshs. 300,000,000 to a capital base of Kshs. 935,156,863 as reported in the financial year 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 99 successful applications for mortgage amounting to Kshs 732,901,572 and 85 successful applications for Car loan amounting to Kshs. 110,958,300 as at the end of the period under review.

Performance for the periods 2015/2016 to 2019/2020

	Mortgage	Car Loan	Total
Financing from National Treasury	800,000,000	60,000,000	860,000,000
Principal repayments received	92,835,664	54,237,352	147,073,016
Interest earned	95,247,034	30,042,614	125,289,647
Total Inflows	988,082,698	144,279,965	1,132,362,663
Loans Issued	732,901,572	110,958,300	843,859,872
Scheme Administration Cost	45,209,506	4,923,276	50,132,782
Total Outflows	778,111,078	115,881,576	893,992,654
Net Inflows	209,971,620	28,398,389	238,370,009

Sharia compliant product for the members of staff professing Islam faith that was introduced in the previous financial year has shown tremendous interest, with 15 successful applicants enjoying the service.

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, 2020 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, 2020 are set out on page 1 to 16.

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.

Dividends/Surplus remission

The entity did not make any surplus during the year 2019/2020 and hence no remittance to the consolidated fund.

Auditors

The Auditor General is responsible for the statutory audit of Ethics and Anti-Corruption Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015 and the Ethics and Anti-Corruption Commission Act, 2011.

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.

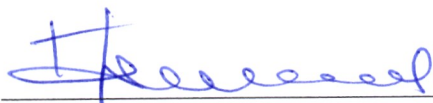
The management is responsible for the preparation and presentation of the Scheme's Financial Statements, which give a true and fair view of the state of the affairs of the Scheme for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate 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, 2020, 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 **October 6, 2020** and signed on its behalf by:



**Arch Bishop (Rtd) Eliud Wabukala, EBS
Chairperson**



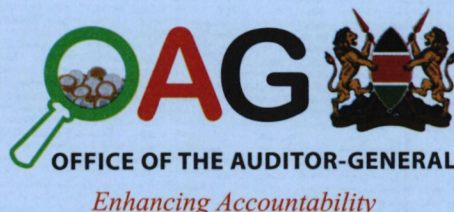
**Twalib Mbarak, CBS
Secretary/Chief Executive Officer**

Ethics and Anti-Corruption Commission Mortgage and Car loan scheme Annual Reports and Financial Statements for the year ended June 30, 2020

XI. REPORT OF THE INDEPENDENT AUDITORS ON ETHICS AND ANTI-CORRUPTION COMMISSION

REPUBLIC OF KENYA

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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, 2020

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 set out on pages 2 to 16, which comprise the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in equity, 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, 2020, 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 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 audit opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

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 or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

04 November, 2020

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 30 JUNE 2020


	Notes	2019-2020 Kshs.	2018-2019 Kshs.
Revenue from exchange transactions			
Interest on Bank Balance	5	7,244,085	13,462,514
Interest on Individuals Staff House Mortgage and Car Loans	6	26,096,486	20,975,263
Total Revenue		33,340,571	34,437,777
Expenses			
3% Commission to Service Provider	7	19,572,365	15,731,447
Bank Service Charges		1,785	-
Total Expenses		19,574,150	15,731,447
Surplus for the period		13,766,421	18,706,330

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Notes	2019-2020 Kshs.	2018-2019 Kshs.
Assets			
Current Assets			
Cash and cash equivalents	8	238,370,009	236,915,361
Short term receivables from staff House Mortgage	9	42,054,731	30,887,419
Short term receivables from staff Car Mortgage	9	20,229,636	17,685,327
		300,654,377	285,488,107
Non-Current Assets			
Long term receivables from staff House Mortgage	10	598,011,175	509,248,054
Long term receivables from staff Car Mortgage	10	36,491,312	38,490,679
		634,502,486	547,738,733
Total Assets		935,156,863	833,226,840
Liabilities			
Current Liabilities	11	-	1,836,397
Non-Current Liabilities			-
Total liabilities		-	1,836,397
Equity			
Reserves(Accumulated fund)	12	75,156,863	61,390,443
Mortgage and Car Loan Revolving fund	13	860,000,000	770,000,000
		935,156,863	831,390,443
Total Equity and liabilities		935,156,863	833,226,840


 Arch Bishop (Rtd) Eliud Wabukala, EBS
 Chairperson


 Twalib Mbarak, CBS
 Secretary/Chief Executive Officer


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

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Staff Car Loan and Mortgage Fund	Revenue Reserve	Total
		Kshs.	Kshs.	Kshs.
Balance as at 30 June 2018		730,000,000	42,684,113	772,684,113
Staff car loan and mortgage fund		40,000,000		40,000,000
Surplus for the period		-	18,706,330	18,706,330
Balance as at 30 June 2019		770,000,000	61,390,443	831,390,443
Staff car loan and mortgage fund	15	90,000,000		90,000,000
Surplus for the period		-	13,766,421	13,766,421
Balance as at 30 June 2020		860,000,000	75,156,864	935,156,863

Ethics and Anti-Corruption Commission Mortgage and car loan Scheme Annual Reports and Financial Statements for the year ended June 30, 2020

STATEMENT OF CASHFLOW

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020 Kshs.	2018-2019 Kshs.
Cash flows From Operating Activities			
Surplus from operations		<u>13,766,421</u>	<u>18,706,330</u>
		13,766,421	18,706,330
Income from Operations			
Staff Mortgage and Car Loan short term receivables		(13,711,622)	(14,127,561)
(Decrease) in payables		<u>(1,836,397)</u>	<u>-</u>
Net cash flows from operating activities		(1,781,597)	4,578,769
Cash flows From Investing Activities			
Staff Mortgage and Car Loan long term receivables		<u>(86,763,753)</u>	<u>(146,916,209)</u>
Net cash utilized in investing activities		(86,763,753)	(146,916,209)
Cash flows From Financing Activities			
Staff Mortgage and Car Loan Fund	15	<u>90,000,000</u>	<u>40,000,000</u>
Net cash used in Financing activities		90,000,000	40,000,000
Net increase in cash and cash equivalents		1,454,649	(102,337,440)
Bank and Cash equivalents at beginning of year		<u>236,915,361</u>	<u>339,252,802</u>
Bank and cash equivalent at end of year	8	<u>238,370,009</u>	<u>236,915,361</u>

Ethics and Anti-Corruption Commission Mortgage and Car loan scheme Annual Reports and Financial Statement
for the year ended June 30, 2020

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FY 2019/2020

	Original budget 2019-2020 Kshs	Adjustments 2019-2020 Kshs	Final budget 2019-2020 Kshs	Actual on comparable basis Kshs	Performance difference 2019-2020 Kshs
Revenue					
Government grants and subsidies	-	-	-	-	-
Development Expenditure	-	-	-	-	-
Staff mortgage Car loan	90,000,000	-	90,000,000	90,000,000	-
Other Income				33,340,571	33,340,571
Total income	90,000,000	-	90,000,000	123,340,571	33,340,571
Expenses					
Compensation of employees	-	-	-	-	-
Use Goods and services	-	-	-	19,574,150	(19,574,150)
Staff Loan	90,000,000	-	90,000,000	90,000,000	-
Total expenditure	-	-	-	109,574,150	(19,574,150)
Surplus for the period				13,766,421	13,766,421

Note:

Other income: The other income is as a result of interest on loans issued and interest received from bank balances.

Use of goods and service: This represents cost of scheme administration recovered by scheme administrators.

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

NOTES TO THE FINANCIAL STATEMENTS

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

The Commission'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 entity. 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.

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 entity 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 entity.

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.

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 Commission 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.

f) Research and development costs

The Commission expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Commission can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

g) 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.

h) Provisions – IPSAS 19

Provisions are recognized when the Commission 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 Commission 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.

Ethics and Anti-Corruption Commission Mortgage and Car Loan Scheme Annual Report and Financial Statement for the year ended June 30, 2020

Contingent liabilities

The Commission 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 Entity 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 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.

i) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Commission'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 Report and Financial Statement for the year ended June 30, 2020

3. Adoption of new and Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 39: Employee Benefits	Applicable: 1st January 2018: 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. (This is not applicable for EACC since there are no employees paid to work for the scheme)

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: 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)

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 comprehensive income. 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 (The Commission did not receive transfers from any government Institution)

Ethics and Anti-Corruption Commission Mortgage and Car Loan Scheme Annual Report and Financial Statement for the year ended June 30, 2020

5 Income from Bank Balance

	2019-2020	2018-2019
Item	KShs	KShs
Staff Mortgage Bank Account HFC	1,953,322	3,971,687
Staff Mortgage Bank Account KCB	4,585,377	5,958,222
Interest overstated in previous period	(6,394)	(985,805)
Interest Car Loan Bank Account	711,779	4,518,411
Total Income from Bank Balance	7,244,085	13,462,514

6 Finance income from Individual Staff Mortgage and Car Loans ;4%

	2019-2020	2018-2019
	KShs	KShs
Individual Staff Mortgage 4% Interest	23,704,368	18,913,027
Individual Car Loan 4% Interest	2,392,118	2,062,236
Total Individual Staff Interest	26,096,486	20,975,263

7 Expenses; 3% Commission for service Provider

	2019-2020	2018-2019
	KShs	KShs
Individual Staff Mortgage 3% Interest	17,778,276	14,184,770
Individual Car Mortgage 3% Interest	1,794,088	1,546,677
Total Expenses	19,572,365	15,731,447

8 Cash and Cash Equivalent

	2019-2020	2018-2019
	KShs	KShs
HFC Staff Mortgage Bank Account	63,329,701	84,949,973
KCB Staff Mortgage Bank Account	146,641,319	122,490,965
HFC Car Loan Bank Account	28,398,989	29,474,423
	238,370,009	236,915,361

9 Short -Term Receivables from non-exchange contracts

	2019-2020	2018-2019
	KShs	KShs
EACC Mortgage Issuance	42,054,731	30,887,419
EACC Car Loan Issuance	20,229,636	17,685,327
Total Short -Term Receivables	62,284,368	48,572,745

Ethics and Anti-Corruption Commission Mortgage and Car Loan Scheme Annual Report and Financial Statement for the year ended June 30, 2020

10 Long -Term Receivables from non-exchange contracts

	2019-2020	2018-2019
	KShs	KShs
EACC Mortgage Issuance	598,011,175	509,248,054
EACC Car Loan Issuance	36,491,312	38,490,679
Total Long -Term Receivables	634,502,486	547,738,733

11 Current Liabilities

	2019-2020	2018-2019
	KShs	KShs
Interest Due to HFC	-	1,836,397
Total Current Liabilities	-	1,836,397

12 Revenue Reserve

	2019-2020	2018-2019
	KShs	KShs
Balance Brought Forward	61,390,442	42,684,112
Surplus for the year	13,766,421	18,706,330
Total	75,156,863	61,390,442

13 Fund Balances

	2019-2020	2018-2019
Item	KShs	KShs
Balance Brought Forward	770,000,000	730,000,000
Staff House Mortgage	90,000,000	40,000,000
Staff Car Loan	-	-
Total	860,000,000	770,000,000

14. Fund Performance

The Scheme recorded 22 applications for Mortgage amounting to Kshs 138,963,202 and 17 for Car Loan amounting to Kshs. 22,017,000 as at the end of the period under review compared with 25 successful applications for Mortgage and 25 successful applications for Car loan in the previous financial year as analysed below.

Statement of Fund Performance

Scheme	2019-2020		2018-2019	
	Number of successful applicants	Amount	Number of successful applicants	Amount
Staff Mortgage	22	138,963,201	23	176,407,429
Staff Car loan	17	22,017,000	25	32,648,500
	39	160,980,201	48	209,055,929

Ethics and Anti-Corruption Commission Mortgage and Car Loan Scheme Annual Report and Financial Statement for the year ended June 30, 2020

15. EACC Staff Car Loan and House Mortgage Scheme

The Commission funded; Kshs 90,000,000/- for Staff Car Loan and Mortgage Scheme.

Fund accountability Statement as at 30th June 2020

	House Mortgage Scheme Interest	House Mortgage Scheme	Car Loan Scheme Interest	Car Loan Scheme	Total
Scheme Funding:					
Opening Balance 01.07.2019		747,576,411		85,650,428	833,226,839
Funding for the year		90,000,000		-	90,000,000
Total Capital Funding		837,576,411		85,650,428	923,226,839
Interest					
Interest earned on Bank Balance HFC		1,953,322		711,779	2,665,101
Interest refundable to HFC 2018-2019				(1,836,397)	(1,836,397)
Interest earned on Bank Balance KCB		4,585,377		-	4,585,377
Interest overstated in Previous Year		(2,490)		(3,904)	(6,394)
Interest earned ;4% on Loans Issued	23,704,368		2,392,118		
Less:3% Administration fees	(17,778,276)	5,926,092	(1,794,088)	598,029	6,524,122
Bank Service Charges		(1,785)			(1,785)
Total net Interest		12,460,516		(530,492)	11,930,024
Total Fund		850,036,927		85,119,936	935,156,863
Total Loans Issued: KCB Mortgage	(85,915,487)			-	-
Total Principal Repaid: KCB Mortgage	1,618,373	(84,297,114)		-	(84,297,114)
Total Loans Issued: HFC Mortgage	(646,986,085)				-
Total Principal Repaid: HFC Mortgage	91,217,292	(555,768,793)		-	(555,768,793)
Total Loans Issued: HFC Car loan			(110,958,300)		
Total Principal Repaid: HFC Car loan			54,237,353	(56,720,947)	(56,720,947)
Fund Balance 30.06.2020		209,971,021		28,398,989	238,370,009

Ethics and Anti-Corruption Commission Mortgage and Car Loan Scheme Annual Report and Financial Statement for the year ended June 30, 2020

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 (Kshs).

Ethics and Anti-Corruption Commission Mortgage and Car Loan Scheme Annual Report and Financial Statement for the year ended June 30, 2020

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Scheme did not have any Audit follow up issues for the previous Audited Financial Year 2018/19.

**Arch Bishop (Rtd) Eliud Wabukala, EBS
Chairperson**



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