

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

OF

DATE: 04 DEC 2024

DAY: WEDNESDAY

TABLED
BY:

HON. SILVANUS OSORO
MAJORITY PARTY WHIP

CLERK AT
THE TABLE:

HAILE HUSSEIN

THE AUDITOR-GENERAL

ON

**INDEPENDENT POLICING OVERSIGHT
AUTHORITY MORTGAGE AND CAR
LOAN SCHEME**

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

PARLIAMENT
OF KENYA
LIBRARY



Independent Policing
Oversight Authority



IPOA MORTGAGE AND CAR LOAN SCHEME

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE, 2024

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



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1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations and Acronyms

CEO	Chief Executive Officer - Scheme Manager
DDFP	Deputy Director Finance & Planning –Scheme Chairperson
SADF	Senior Assistant Director Finance -Scheme Accountant
Co-op	Co-operative Bank of Kenya-Scheme
ICPAK	Institute of Certified Public Accountants
IPSAS	Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board

B. Glossary of Terms

Fiduciary management - Members of management entrusted directly with the responsibility and trust for the scheme financial resource

2. Key Scheme Information and Management

Key Scheme information and management



a. Background information

The Authority was established through an Act of Parliament, Independent Policing Oversight Authority Act Cap 86 of the Laws of Kenya (IPOA Act) to provide for civilian oversight of the work of the Police.

IPOA's Mortgage and Car loan scheme was established through internal regulations approved by the Board on 30th March 2016 pursuant to the Salaries and Remuneration Commission (SRC) circular No. SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December, 2014 and section 6 and 7 of the IPOA Human Resource Policies and Procedure manual.

The Authority operationalized the scheme with a seed capital of Kshs.24 Million in FY 2021-22 and this has since grown to Kshs.67.5 Million in FY 2023-24. The scheme secretariat is drawn from different directorate within the Authority while management and administration is conducted by Cooperative Bank of Kenya.

b. Principal Activities

The principal activities of the scheme are to facilitate IPOA employees to benefit from Mortgage and Car loans to;

- i. Acquire or construct residential houses
- ii. Buy personal cars

c. Key Management

The scheme’s day to day operations are under management committee appointed by the CEO. The members of the Committee who held office during the period ended 30th June 2024 were:

Nos.	Name	Designation	Remarks
1.	Elema Halake	Scheme Manager	Full Year
2.	Mohamed Adan	Scheme Chairperson	Full Year
3.	Dr. Lemunen Solomon	Member	1 st July 2023-28 th February 2024
4.	Agatha Chepkoech	Scheme Accountant	Full Year
5.	Bethuel Sugut	Member	Full Year
6.	Christine Owino	Member	Full Year
7.	Paul Karungo Njihia	Member	Full year
8.	Emma Mugaa	Member	With effect from September 2023
9.	Josephat Karindi	Scheme Secretary	Full Year

d. Fiduciary Oversight Arrangements

The Authority’s internal audit department provides the fiduciary oversight and the following had direct fiduciary for the period ended 30th June 2024:

Nos.	Name	Position	Remarks
1.	Enosh Nyabiba	Senior Assistant Director, Audit & Risk	Full Year
2.	Boss Mwangi	Assistant Director, Audit	Full Year

e. Our addresses and Contacts

HEADQUATER



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2nd Floor, 1st Ngong
P.O Box 23035-00100
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PRINCIPAL LEGAL ADVISOR



Attorney General
State law office,
Harambee Ave.
P O Box 40112-00200
Nairobi.

SCHEME CONTACTS



TEL: +254 20 4906 000,
email: info@ipoa.go.ke.
Website: www.ipoa.go.ke

SCHEME BANKERS



Cooperative Bank
Co-operative House
Branch, Haile Selassie
Avenue,
P.O. Box 48231 -00100
Nairobi.

INDEPENDENT AUDITOR



Auditor - General
Office of the Auditor General
Anniversary Tower, University
Way P O Box 30084-00100
Nairobi.

3. The Scheme Administration Committee

Name

Details of qualifications and experience



Mohamed Adan
Scheme Chairperson

Mr. Adan is a PhD candidate at KCA pursuing PhD in Finance. He holds Master's degree in Business Administration (Finance & Accounting option) and Bachelor degree in Business Management (Finance Option) -First class Honours.

He is also holder of CPA-K Certificate and a member of the Institute of Certified Public Accountants of Kenya in good standing. He holds a certificate in strategic leadership development programme (SLDP), senior management course (SMC) among other certificates.

Mr. Adan is a respected financial expert with over 15 years of professional experience in finance, Accounting, auditing and assurance in both Public and Private Sectors. Prior to joining IPOA Adan served as manager Finance and Accounts at Kenya Leather Development Council and in managerial & supervision positions at Garissa University.



Josphat Karindi
Scheme Secretary

Josphat Karindi is a Certified Human Resource Professional (CHRP-K) with an Executive Master of Science in Organizational development from United States International University, Bachelor of Science from Moi University and KNEC higher Diploma in Human Resource Management. He has also undertaken a Senior Management Course at KSG.

Josphat is a full member of the Institute and has over 12 years' experience as a trainer. Before joining the Authority, he served as a Human Resource Management trainer and course coordinator at Thika Technical Training Institute. He also served as an online capacity building coordinator and trainer of Technical and Vocational Trainers on online facilitation.



Agatha Chepkoech
Scheme Accountant

Agatha's experience spans over ten years in finance and accounting field. Prior to joining IPOA, she was the Lead Accountant in charge of the Income generating and business units at the University of Nairobi Enterprises(UNES) limited.

She holds a Master's Degree in Business Administration (Finance Option) and a Bachelor of Commerce degree (Accounting option) from Egerton University. FCPA Agatha is a member ICPAK and ICIFA. She has undertaken senior management course and Strategic Leadership Course from Kenya School of Government.

Scheme Members Cont'd

Name

Details of qualifications and experience



Bethuel Sugut
Committee Member

Bethuel Sugut is the Head of Regions at IPOA. He holds a Master of Business Administration Degree in Strategic Management from Moi University, Bachelor of Arts Degree in Social Sciences from Egerton University and a Postgraduate Diploma in Human Resource Management from University of Nairobi.

He is an Auditor in Quality Management System, ISO 9001:2008. Bethuel previously served in the Provincial Administration at the Office of the President and International Fund for Agriculture Development (IFAD). Prior to that Sugut served as a Personal Assistant to the Minister of Agriculture and Director of Administration, Planning and Operations at Mt. Kenya University for 9 years and 5 years respectively. Before joining IPOA, Sugut was the Administration Manager at the Kenya Institute of Mass Communication (KIMC).

He has undertaken various Administrative Programmes with the Kenya School of Government (KSG). He is currently pursuing his PhD in Business Administration with a bias in Strategic Management. He is an Associate member of the Kenya Institute of Management (KIM) and Institute of Human Resource Management (IHRM).



Christine Owino
Committee Member

Christine Owino is a senior legal officer at IPOA. She is a licensed legal practitioner who has undertaken an Advocates Training Programme at Kenya School of Law and holds a Bachelor of Law from Busoga University, Diploma in Law from Kenya School of Professional studies.

Prior to joining IPOA in 2018, she served as a Prosecution Counsel at the Office of the Director of Public Prosecutions four years and had previously held various capacities in private law firms since 2011.



Emma Mugaa
Committee Member

Emma Mugaa is a Senior Communications Officer. She holds a degree in Corporate Communications from Multimedia University of Kenya. She began her career as a public servant at the Office of the Deputy President where she worked as a Communications Assistant, before joining the Authority in 2023.

Ms. Mugaa has significantly advanced the Authority's positive image through her impactful work, including her service in the Maraga-led Taskforce on Improvement of the Terms and Conditions of Service and other Reforms for Members of the National Police Service, Kenya Prisons Service and National Youth Service.

Scheme Members Cont'd

Name	Details of qualifications and experience
	Paul Njihia holds a Bachelor of Technology in Civil and Structural Engineering from Masinde Muliro University of Science and Technology, Kenya, Diploma in Project Management from Alison Institute, Ireland, a certificate in International Criminal Law and Practice from Partners in Justice International - PJI, Netherlands, a certificate in Computer Hacking Forensic Investigator (CHFI) certification from EC – Council, USA, a certificate in Cellebrite Certified Physical Analyst (CCPA) from Cellebrite, Israel, a certificate in Cellebrite Certified Operator (CCO) from Cellebrite, Israel, a certificate in Victim Support from IPOA/APCOF/CHRIPS.
Paul Njihia Committee Member	Njihia is a former Inspector of police with an extensive experience in the National Police Service in both general and forensic investigation works. He has experience in both general and forensic investigation, preventing crime, enforcing public safety and maintaining a visible presence for the prevention of crime. He was first enlisted in the General Service Unit before being spot-talented to join the forensic department of the Directorate of Criminal Investigations – DCI where he was promoted to the rank of an inspector of police. He has over the years held the positions of Head of Forensic Crime Scene Investigations in Embu County and Kasarani Police Division. Njihia is also a qualified professional within civil engineering discipline and has had excellent working relations with clients, designers, site managers, sub- contractors, suppliers and the general public in the implementation of civil engineering projects. He is registered as a graduate member of the Engineers Board of Kenya (EBK) and also the Kenya Engineering Technology Registration Board (KETR).

Scheme Members Cont'd

Name	Details of qualifications and experience
 Elema Halake, SS <i>Director/CEO</i> <i>Scheme Manager</i>	Mr. Elema Halake holds a Master of Arts and a Bachelor of Arts in Development Studies, a Diploma in Wildlife Management, an Advanced Diploma in Social Work and a postgraduate Diploma Certificate in criminal justice from Virginia University, USA. His Public Service career spans over 28 years including at Kenya Wildlife Service (KWS), where he was a Senior Assistant Director and also sat on the Board of the Kenya School of Leadership and Adventure at Mt. Kenya. At KWS, he was part of the leadership that fronted the 1990's anti-poaching strategy that stabilized wildlife conservation, enhanced security, and management. Earlier, as IPOA's Director of Investigations, Mr. Halake initiated a series of administrative and operational reforms, expanded the investigation capacity, enhanced performance and contributed towards decentralized regional operations. At Anti-Counterfeit Authority (ACA), he spearheaded legal and regulatory reforms including the enactment of the Anti-Counterfeit Act 2018, developed and deployed the AIMS project (Anti-Counterfeit Information Management system) and launched a National baseline survey on the magnitude of counterfeiting and illicit trade in Kenya. His integrity and high-performance track record in Public Service saw him recognized and decorated with the Silver Star (SS) of Kenya by his Excellency, the President of the Republic of Kenya in 2006, with a citation for courage and commitment to duty

4.

Management Team

Name

Details of qualifications and experience

1. Scheme Manager



Elema Halake, SS

Mr. Elema Halake holds a Master of Arts and a Bachelor of Arts in Development Studies, a Diploma in Wildlife Management, an Advanced Diploma in Social Work and a postgraduate Diploma Certificate in criminal justice from Virginia University, USA. His Public Service career spans over 28 years including at Kenya Wildlife Service (KWS), where he was a Senior Assistant Director and also sat on the Board of the Kenya School of Leadership and Adventure at Mt. Kenya. At KWS, he was part of the leadership that fronted the 1990's anti-poaching strategy that stabilized wildlife conservation, enhanced security, and management.

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His integrity and high-performance track record in Public Service saw him recognized and decorated with the Silver Star (SS) of Kenya by his Excellency, the President of the Republic of Kenya in 2006, with a citation for courage and commitment to duty.

2. Scheme Chairperson



Mohamed Adan

Mr. Adan is a PhD candidate at KCA pursuing PhD in Finance. He holds Master's degree in Business Administration (Finance & Accounting option) and Bachelor degree in Business Management (Finance Option) -First class Honours.

He is also holder of CPA-K Certificate and a member of the Institute of Certified Public Accountants of Kenya in good standing. He holds a certificate in strategic leadership development programme (SLDP), senior management course (SMC) among other certificates.

Mr. Adan is a respected financial expert with over 15 years of professional experience in finance, Accounting, auditing and assurance in both Public and Private Sectors. Prior to joining IPOA Adan served as manager Finance and Accounts at Kenya Leather Development Council and in managerial & supervision positions at Garissa University.

Management Team Cont.

Name	Details of qualifications and experience
3. Scheme Secretary	
 Josphat Karindi	Josphat Karindi is a Certified Human Resource Professional (CHRP-K) with an Executive Master of Science in Organizational development from United States International University, Bachelor of Science from Moi University and KNEC higher Diploma in Human Resource Management. He has also undertaken a Senior Management Course at KSG. Josphat is a full member of the Institute and has over 12 years' experience as a trainer. Before joining the Authority, he served as a Human Resource Management trainer and course coordinator at Thika Technical Training Institute. He also served as an online capacity building coordinator and trainer of Technical and Vocational Trainers on online facilitation.

2. Scheme Accountant

 Agatha Chepkoech	Agatha's experience spans over ten years in finance and accounting field. Prior to joining IPOA, she was the Lead Accountant in charge of the Income generating and business units at the University of Nairobi Enterprises(UNES) limited. She holds a Master's Degree in Business Administration (Finance Option) and a Bachelor of Commerce degree (Accounting option) from Egerton University. FCPA Agatha is a member ICPAK and ICIFA. She has undertaken senior management course and Strategic Leadership Course from Kenya School of Government.
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5. Chairperson's Report

On behalf of the IPOA staff mortgage and car loan scheme, I am pleased to present the Scheme Financial Statements for the year ended 30th June 2024. The financial statements for IPOA mortgage and car loan scheme are prepared using IPSAS Accrual Basis Accounting comprising of the statement of financial performance, statement of financial position, statement of changes in net assets and statement of cash flow.

The Scheme was operationalized in 2020 and is with the existing Government regulations, scheme internal regulations and MOU with the scheme administrator. The Scheme 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 management of the Scheme is overseen by Management Committee appointed by the CEO from different directorate to engage with the Scheme administrator. The Committee meets regularly to consider loans applications and make recommendations to the Service providers.

The Scheme is fully funded by the National Treasury since inception to the tune of Kshs. 67.5 Million as at date of reporting. In the period under review, a disbursement of Kshs. 10.65 Million was made raising the total amount disbursement to Kshs. 37.82 Million.

The scheme has great benefits to staff as it provides a competitive facility. This will enhance staff morale and productivity. I therefore, wish to thank the Board, the Management and staff for their great support and I encourage maximum utilization of this facility to uplift our welfare in order to remain robust and dedicated to our productivity.



Mohamed Adan
Scheme Chairperson

6. Report of the Scheme Manager

The Authority Appointed Mortgage and Car Loan Management Committee drawn from different directorate whose objective is to coordinate and engage with the Cooperative Bank of Kenya, scheme's administrators appointed to run the scheme on behalf of IPOA.

IPOA's Mortgage Scheme's key objective is to support employees in acquisition of mortgage facility with subsidized interest rate pursuant to Public Finance Management Regulations 2015 and SRC guidelines. The scheme is meant for advancing mortgages and Asset financing loans to staff in line with the SRC circular and it is aimed at attracting and retaining skilled officers for efficient and effective service delivery. The Authority has an internal regulations and Memorandum of Understanding (MOU) which are binding on all matters relating to the Scheme. These rules provide guidance on accessibility of the loans and the threshold for the applicants.

During the period under review, the scheme reduced the interest rate from 6% to 3% to enhance the number of loan applicants achieving 56% absorption rate of the fund. The scheme revolving fund balance amounted to Kshs. 67.5 Million with a loan disbursement amounting to Kshs.37.82 Million to twelve members of staff at different cadre. Further, two (2) staff has fully repaid the loan. The scheme earned an interest of Kshs. 1.79 Million on loan issued during the period under review. To minimize the risk of default, the bank has continued to carry out due diligence for all the loan application.

The Authority shall continue to seek for additional funds at the sector and the National Treasury in order to enhance the scheme funds to ensure that more employees benefit from the scheme in the foreseeable future.



**Elema Halake, SS
Scheme Manager**

7. Statement of Performance Against Predetermined Objectives

IPOA mortgage & car loan scheme develops its annual work plans based on the scheme regulation. Assessment of the scheme's performance against its annual work plan is done on a quarterly basis. During the period under review, the scheme absorbed 56% of its funds as at 30th June 2024.

The scheme has one key results areas (KRA) of institutional capacity with specific key strategic objectives to ensure financial sustainability.

Strategic Key Result Area	Strategic Objectives	Strategies	Output Indicators	Achievement
Institutional capacity strengthened	To ensure institutional financial sustainability	Establish and operationalize mortgage and car loan scheme	No. of Mortgage and car loan schemes operationalized	IPOA Mortgage and car Loan scheme established with a revolving fund balance of Kshs. 67.5 Million as at 30 th June 2024.
			Proportion of absorbed funds on the scheme.	56% of the funds absorbed as at 30 th June 2024.
	To strengthen human resource Capacity.	Mortgages and car loans issued.	No of mortgages and car loans issued.	The Authority issued Seven (7) car loans and Five(5) mortgages as at 30 th June 2024.

8. Corporate Governance Statement

The IPOA's Mortgage and Car loan scheme was established pursuant to the Salaries and Remuneration Commission (SRC) circular No. SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December, 2014, Sec. 24(4-7) of Public Finance Management Acts 2012 and Sec. 127 (1-2) of Public Finance Management Regulations (National Government, 2015). There is an approved internal regulation by the Board that guides on the implementation of the scheme.

Appointment and Removal Scheme Management Committee

The Authority Appointed Mortgage and Car Loan Management Committee drawn from different directorate with different expertise whose objective is to coordinate and engage with the Cooperative Bank of Kenya, scheme's administrators appointed to run the scheme on behalf of IPOA.

Appointment of the standing committee is done by the Accounting Officer and removal of the members is done by the scheme manager at the end of the financial year or on a need basis. The Committee is made up of seven (7) members.

Roles and functions of the Scheme Committee

The committee member's functions include the following: ensuring compliance with the contract between Cooperative Bank, any applicable legal framework, government documents and circulars; implement and monitor compliance with the scheme regulations and recommend review from time to time as may be necessary and make appropriate recommendations; develop rules and guidelines for the application and processing of the scheme funds; draw an implementation plan each financial year based on available funds clearly outlining equitable allocation among all cadres of staff; develop internal checklist for vetting applications for mortgage and car loan; maintain up-to-date records and be custodian of all loan applications, bank statements, and provide all documents required for internal and external audits; Act as link between the Authority and the bank; monitor utilization of the funds deposited with the bank; negotiate with the bank competitive interest rates for unutilized funds; facilitate processing of loans to staff; notify the bank through the scheme manager as staff exits and the nature of determination of the applicable interest rates upon separation; monitor utilization of the loans granted for the intended purpose and notify the Scheme Manager of any misuse for disciplinary action; explore areas of learning and organize for training on scheme procedures, applications, appraisal and disbursements; present quarterly reports to management ;and perform any other duty related to the scheme administration.

Committee Meetings

The Committee meets on quarterly basis and/or as need be to monitor the implementation of the Scheme. The Numbers of meeting held during the period under is review is as shown in the table below:

Number of meetings held

Nos.	Present	31.07.2023	07.09.2023	07.05.2024	24.05.2024
1	Mohamed Adan	✓	✓	✓	✓
2	Dr. Lemunen Solomon	x	✓	-	-
3	Bethuel Sugut	x	x	✓	✓
4	Christine Owino	✓	✓	✓	✓
5	Agatha Chepkoech	✓	✓	✓	-
6	Josphat Karindi	✓	✓	✓	✓
8	Paul Njihia	x	x	✓	✓
9	Emma Mugaa	-	x	✓	x
10	Finlay Momanyi	✓	-	-	-

Conflict of interest

During vetting of the received applications forms, the committee members always fill the conflict of interest form.

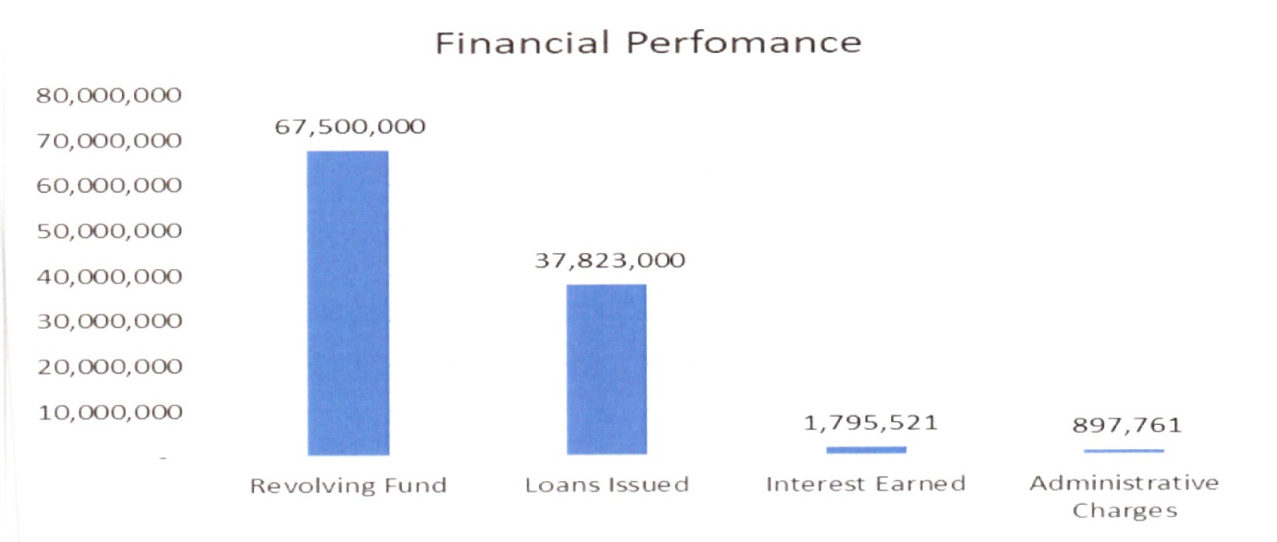
Ethics and conduct as well as governance audit undertaken if any

The members of the committee conduct themselves in ethical way. All the activities of the scheme are conducted in a professional and transparent manner through following the laid down scheme regulations. Audit on the scheme operations has been carried out by both the internal and external Auditors.

9. Management Discussion and Analysis

The Authority institutionalize IPOA staff mortgage and Car Loan Scheme for all its employees effective from June 2020. The scheme is administered by Co-operative Bank of Kenya. The financial statements for IPOA mortgage and car loan scheme are prepared using IPSAS Accrual Accounting method.

During the period under review, the Authority issued loans amounting to **Kshs.10.65 Million**. As at 30th June 2024, 56% of the funds had been advanced to Twelve Officers (12). IPOA received **Kshs.1.79 Million** interest on loans issued to officers and incurred Kshs. 0.89 Million on use of goods.



Number and amount of Loans issued during the period, loans outstanding at the end of period and loans repaid during the period

The scheme has issued Five (5) mortgage and Seven (7) car loans amounting to Kshs.37.82 Million as at 30th June 2024. Loans outstanding as at 30th June 2024 amounted to Ksh.32 Million and loans repaid during the period was **Kshs.5.68 Million**.

Scheme’s compliance with statutory requirements

IPOA staff mortgage and car loan scheme is operated in line with the provisions of the Public Finance Management Act, 2012, Public Finance Management Act Regulations, 2015, IPOA Act, 2011, SRC circular No. SRC/ADM/CIR/1/13Vol.III (128), section 6 and 7 of IPOA Human Resource Policies and procedure manual and other National Treasury guidelines that may be issued from time to time.

All officers who have been issued with the loans met rules of the scheme. Currently there are no major risks or material arrears facing the scheme.

10. Environmental and Sustainability reporting

Below is a highlight of the sustainability activities conducted during the Financial Year:

1. Sustainability Strategy and Profile

IPOA Strategic Plan prioritizes institutional capacity as a critical key result area. This seeks to promote corporate governance, strengthen human resource capacity and ensure institutional financial sustainability. It also aims at strengthening of business systems and internal processes to ensure quality and sustainable focus of all its programmes and activities on professional policing.

The Authority has continued to make sustainable and business continuity efforts to ensure that the scheme remains a going concern. Such efforts have included reaching out to the National Assembly and the National Treasury for enhanced the Mortgage and car loan funds with the aim of attracting and retaining skilled officers for effective and efficient service delivery.

The scheme has also embraced virtual meetings and use of email as a means of communication and this has led to savings in costs and time.

During the period under review, the IPOA Mortgage and car loan scheme did not participate in corporate social responsibility activities.

11. Report of the Scheme Administration Committee

The Scheme Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the scheme affairs.

Principal activities

The principal activities of the scheme are and continue to be: facilitation of IPOA employees to benefit from Government funded mortgage and car loan facilities and to motivate employees and immensely contribute towards attracting and retaining employees of requisite skills to the Authority; safeguarding the assets of the scheme; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

The Administrator of the scheme accepts responsibility for the scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Salaries and Remuneration Commission (SRC) circular No.SRC/ADM/CIR/1/13 Vol. III (128). The Administrator of the scheme is of the opinion that the scheme's financial statements give a true and fair view of the state of scheme's transactions during the financial year ended June 30, 2024, and of the scheme's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the scheme has assessed the scheme's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Performance

The performance of the scheme for the year ended June 30, 2024, is set out on page 1-5 of the Annual Report and financial statements.

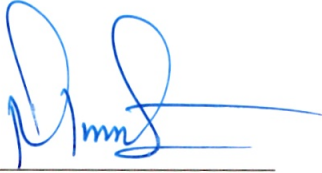
Scheme Committee

The members of the management and the scheme Committee who served during the year are shown on page (xii-xiii) and page (vi-xi) respectively.

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.

By Order of the Board



Scheme Chairperson

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a scheme established to actualize the Salaries and Remuneration Commission (SRC) circular No.SRC/ADM/CIR/1/13 Vol.III (128) and section 3.14.1 of IPOA Human Resource Policies and Procedure Manual shall prepare financial statements for the scheme in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Scheme Manager is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the financial year ended on June 30, 2024.

This responsibility includes; maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the scheme; 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; safeguarding the assets of the scheme; electing and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

The manager accepts responsibility for the scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Salaries and Remuneration Commission (SRC) circular No.SRC/ADM/CIR/1/13 Vol.III (128). The Administrator of the scheme is of the opinion that the scheme's financial statements give a true and fair view of the state of scheme's transactions during the financial year ended June 30, 2024, and of the schemer's financial position as at that date.

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

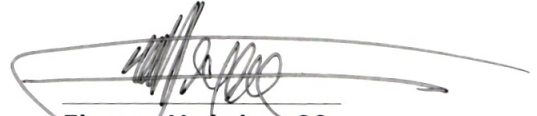
In preparing the financial statements, the manager of the scheme has assessed the scheme's ability to continue as a going concern.

Approval of the financial statements

The Scheme's financial statements were approved by the Board on **12th August, 2024** and signed on its behalf by:

A blue ink signature of Mohamed Adan, consisting of a large 'M' and a stylized 'A'.

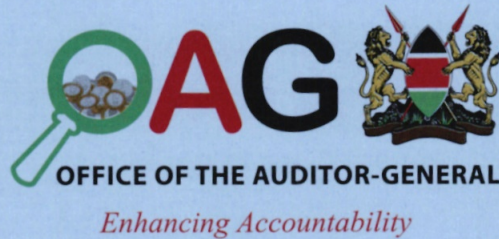
Mohamed Adan
Scheme Chairperson

A black ink signature of Elema Halake, SS, written in a cursive style.

Elema Halake, SS
Scheme Manager

REPUBLIC OF KENYA

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



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON INDEPENDENT POLICING OVERSIGHT AUTHORITY MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Independent Oversight Policing Authority Mortgage and Car Loan Scheme set out on pages 1 to 17, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows, and statement

Report of the Auditor General on Independent Policing Oversight Authority Mortgage and Car Loan Scheme for the year ended 30 June, 2024

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 the Independent Policing Oversight Authority Mortgage and Car Loan Scheme as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional 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

Conclusion

The Management is responsible for the other information set out on page v to xxiv which comprise of Key Scheme Information and Management, Chairperson's Report, Report of the Scheme Manager, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Scheme Administration Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Independent Oversight Policing Authority Mortgage and Car Loan Scheme financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for 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.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

4 November, 2024

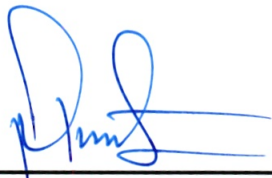
14. Statement of Financial Performance for the year ended 30th June 2024

Description	Note	2023/24	2022/23
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest income	6	1,795,521	1,144,423
Total revenue		1,795,521	1,144,423
Expenses			
Use of goods and services	7	897,761	491,113
Total expenses		897,761	491,113
Surplus/(deficit) before tax		897,761	653,310
Taxation		-	-
Surplus/Deficit after Tax		897,761	653,310

The financial statements were approved on **12th August, 2024** by:


Elema Halake, SS
Scheme Manager


Agatha Chepkoech
Scheme Accountant
ICPAK M/No. 10017


Mohamed Adan
Scheme Chairperson

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

Description	Note	2023/24	2022/23
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	8	33,950,501	29,484,208
Receivables from exchange transactions	9	3,231,137	1,300,855
Total Current Assets		37,181,638	30,785,063
Non-current Assets			
Receivables from exchange transactions	9	32,142,844	24,141,658
Total Current Assets		32,142,844	24,141,658
Total assets		69,324,482	54,926,721
Liabilities			
Trade and other Payables		-	-
Total Liabilities		-	-
Net Assets		69,324,482	54,926,721
Mortgage and car loan revolving fund		67,500,000	54,000,000
Retained Earnings		1,824,482	926,721
Total net assets and liabilities		69,324,482	54,926,721

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

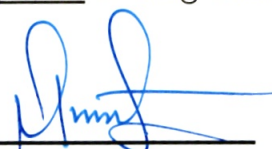
The Scheme financial statements were approved on **12th August, 2024** and signed by:



Elema Halake, SS
Scheme Manager



Agatha Chepkoech
Scheme Accountant
ICPAK M/No. 10017



Mohamed Adan
Scheme Chairperson

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

Description	Mortgage and Car Loan Scheme	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
As at 1 July 2023	54,000,000	926,721	54,926,721
Surplus/for the period	-	897,761	897,761
Funds received during the year	13,500,000	-	13,500,000
As at 30 June 2024	67,500,000	1,824,482	69,324,482
As at 1 July 2022	54,000,000	273,411	54,273,411
Surplus/(deficit) for the period	-	653,310	653,310
Funds received during the year	-	-	-
As at 30 June 2023	54,000,000	926,721	54,926,721

The reported accumulated surplus is interest received on loans issued to staff during the period under review.

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

Description	Note	2023/24	2022/23
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest received		1,162,433	1,224,380
Total receipts		1,162,433	1,224,380
Payments			
Use of goods and services		(662,314)	(531,091)
Total payments		(662,314)	(531,091)
Net cash flow from operating activities	10	500,118	693,289
Cash flows from investing activities			
Proceeds from loan principal repayments		1,116,175	1,892,044
Loan disbursements paid out		(10,650,000)	(12,073,000)
Net cash flows used in Investing activities		(9,533,825)	(10,180,956)
Cash flows from financing activities			
Receipts into the mortgage and car loan revolving fund		13,500,000	-
Net cash flows used in financing activities		13,500,000	-
Net increase/(decrease) in cash and cash equivalents		4,466,293	(9,487,667)
Cash and cash equivalents at 1 July 2023		29,484,208	38,971,875
Cash and cash equivalents at 30 June 2024	8	33,950,501	29,484,208

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

Description	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Revenue						
Interest income	1,795,521	-	1,795,521	1,795,521	-	100%
Total Revenue	1,795,521	-	1,795,521	1,795,521	-	100%
Expenses						
Use of goods and services	1,795,521	-	1,795,521	897,761	897,760	50%
Total Expenditure	1,795,521	-	1,795,521	897,761	897,760	50%
Surplus for the period	-	-	-	897,761	897,760	

Notes

- The scheme received Kshs. 1,795,522 interest income on loans issued to staff and and paid fund administration expenses amounting to Kshs. 897,761 during the period under review.
- There were no changes between original and final budget

19. Notes to the Financial Statements

1. General Information

IPOA Mortgage and car loan scheme is established pursuant to the Salaries and Remuneration Commission (SRC) circular No.SRC/ADM/CIR/1/13 Vol.III (128). The scheme derives its authority and accountability from its regulations 2016. The principal activity for the scheme is to administer the mortgage and car loan scheme through advancing government funded loans to IPOA staff.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present.

The preparation of financial statements in conformity with International Public Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the scheme.

The financial statements have been prepared in accordance with the PFM Act 2012, PMF regulations 2015 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

There are no new standards effective in the Financial year.

Notes to the Financial Statements (Continued)

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

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>This standard is not applicable to the scheme's operations.</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>This standard is not applicable to the scheme's operations.</i>
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>This standard is not applicable to the scheme's operations.</i>

IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. <i>This standard is not applicable to the scheme's operations.</i>
IPSAS 47: Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. IPSAS 47 is relevant to the scheme's operations in terms of accounting for scheme revenues as to provide useful information to users
IPSAS 48: Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>This standard is not applicable to the scheme's operations.</i>
IPSAS 49: Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>This standard is not applicable to the scheme's operations.</i>

Notes to the Financial Statements (Continued)

iii Early adoption of standards The Scheme did not early – adopt any new or amended standards in the year 2023/24

The Scheme did not early – adopt any new or amended standards in the financial year

4. Significant Accounting Policies

a. Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b. Budget information

The original budget for FY 2023/24 was approved on 1st July 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Scheme upon receiving the respective approvals in order to conclude the final budget. Accordingly, the scheme did not record any additional appropriations during the period under review. The scheme's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in

Notes to the Financial Statements (Continued)

the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented under item No.18 of these financial statements.

c. Nature and purpose of reserves

The Scheme creates and maintains reserves in terms of specific requirements. Surplus realized at the end of every financial year is ploughed back into the account as it forms part revolving fund of the scheme.

d. Changes in accounting policies and estimates

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

e. Related parties

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

f. 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 Co-operative Bank of Kenya.

g. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. There were no changes made to comparative figures during the period under review.

h. Events after the reporting period

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

Notes to the Financial Statements (Continued)

i. Ultimate and Holding Scheme

The Scheme is established under Section 24 (4) PFM Act under the Independent Policing Oversight Authority. Its ultimate parent is the Government of Kenya.

j. Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the Schemes' financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues and expenses 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. Revenue is recognized when it is earned and expenses recognized when it is incurred.

6. Interest income

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Interest Income from Mortgage and carLoans	1,795,521	982,227
Interest Income on Bank Deposits	-	162,196
Total Interest Income	1,795,521	1,144,423

7. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Administration fees	897,761	491,113
Bank Charges	-	-
Total	897,761	491,113

8. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
IPOA Mortgage and Car Loan Account	14,140,501	362,012
IPOA Call Deposit Account	19,810,000	29,122,196
Total Cash and Cash equivalents	33,950,501	29,484,208

Notes to the Financial Statements (Continued)

8 a). Detailed analysis of the cash and cash equivalents

Financial Institution	Account Number	2023/2024
		Kshs.
Co-operative Bank of Kenya -Fund Account	1141865999900	14,140,501
Cooperative Bank of Kenya - Call Deposit Account	1150865999900	19,810,000
Total		33,950,501

9. Receivables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Current Receivables		
Interest Receivables	559,200	161,558
Current Loan repayment	2,671,937	1,139,297
Total Current Receivables	3,231,137	1,300,855
Non-Current Receivables		
Long Term Loan Repayments Due	32,142,844	24,141,658
Total Non-Current Receivables	32,142,844	24,141,658
Total Receivables	35,373,981	25,442,513
Ageing analysis (Receivable from exchange transactions)	Current FY	% of Total
Less than 1 Year	559,200	2%
Between 1-2 Years	32,142,844	91%

10. Net cash flows from operating activities

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Surplus/(deficit) for the year before tax	897,761	653,310
Adjusted for:		
Working capital adjustments		
Decrease in receivables	(397,643)	39,979
Net cash flow from operating activities	500,118	693,289

Notes to the Financial Statements (Continued)

11. Financial risk management

The Scheme's activities expose it to a variety of financial risks including credit and liquidity risks. The Scheme's overall risk management programme focuses on unpredictability of changes in:

a. Credit risk

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

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

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

Description	Total Amount Kshs	Fully Performing Kshs	Past Due Kshs	Impaired Kshs
At 30th June, 2024				
Receivables from Exchange Transactions - Car Loans & Mortgages	35,373,981	25,442,513	-	-
Bank Balances	33,950,501	29,484,208	-	-
Total	69,324,482	54,926,721	-	-
At 30th June, 2023				
Receivables from Exchange Transactions - Car Loans & Mortgages	15,301,536	15,301,536	-	-
Bank Balances	38,971,875	38,971,875	-	-
Total	54,273,411	54,273,411	-	-

Notes to the Financial Statements (Continued)

The staff under the fully performing category are paying their debts as they continue being in employment at the Authority. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the scheme has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Scheme has significant concentration of credit risk on amounts due from staff.

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

b. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Scheme Administrator, who has built an appropriate liquidity risk management framework for the management of the Scheme's short, medium, and long-term funding and liquidity management requirements. The Scheme manages liquidity risk through continuous monitoring of forecasts and actual cash flows. There were no cash payable by the Scheme under non-derivative financial liabilities at the reporting date.

c. Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Schemes's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The scheme does not face any risks relating to market price changes. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The scheme's Finance Department is responsible for the development of detailed risk management policies subject to review and approval by the Audit and Risk Management Committee and for the day-to-day implementation of those policies. There has been no change to the Scheme's exposure to market risks or the manner in which it manages and measures the risk.

Notes to the Financial Statements (Continued)

d. Interest rate risk

Interest rate risk is the risk that the scheme's financial condition may be adversely affected as a result of changes in interest rate levels. The Scheme's operations are not affected by the interest rate risk. The interest rate for the mortgage and car loan was determined and fixed by the National Treasury and Salaries and Remuneration Commission.

Management of interest rate risk

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

e. Capital risk management

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

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Revolving Fund	67,500,000	54,000,000
Accumulated surplus (Reserves)	1,824,482	926,721
Total Funds	69,324,482	54,926,721
Less cash and bank balances	(33,950,501)	(29,484,208)
Net debt/(excess cash and cash equivalents)	35,373,981	25,442,513
Gearing	51%	46%

12. Related party balances

a. Nature of related party relationships

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

- i) Key management; &
- ii) Board and the Scheme Committee

Notes to the Financial Statements (Continued)

b. Related party transactions

i. Key management remuneration

The key management draw their salaries from IPOA Recurrent account.

13. Events after the Reporting Period

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

14. Ultimate and Holding Entity

The Entity is a scheme under the sponsorship of the Independent Policing Oversight Authority which is an Independent Office.

15. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling

20. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations

There were no prior year audit issues.



**Elema Halake, SS
Director/CEO-
Scheme manager**