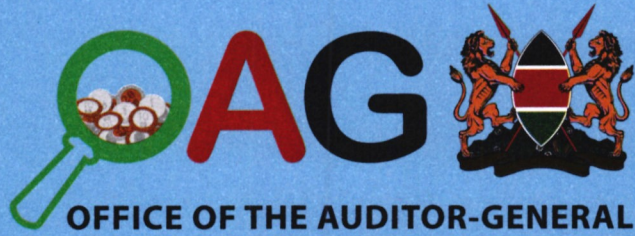


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
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REPORT

DATE: 14 FEB 2024 DAY: WED

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Hon Owen Bayo, MP
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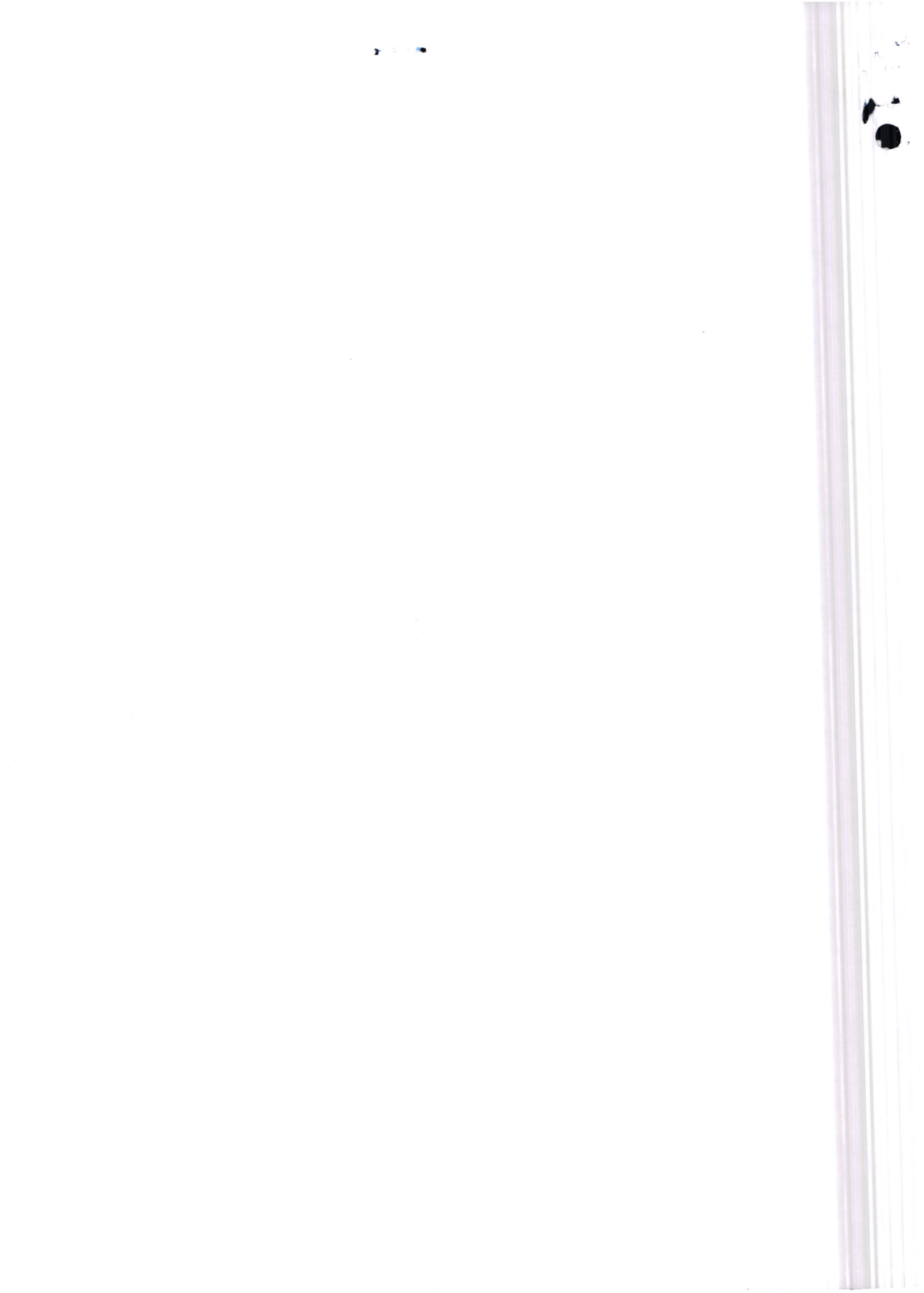
OF

THE AUDITOR-GENERAL

ON

**OFFICE OF THE REGISTRAR OF POLITICAL
PARTIES STAFF MORTGAGE AND CAR LOAN
SCHEME**

**FOR THE YEAR ENDED
30 JUNE, 2023**





REPUBLIC OF KENYA

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OFFICE OF THE REGISTRAR OF POLITICAL PARTIES

STAFF MORTGAGE AND CAR LOAN SCHEME

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Political Parties Staff Mortgage and Car Loan Scheme

Annual Report and Financial Statements for the year ended 30th June 2023

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1. ACRONYMS ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant and Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies

B: Glossary of Terms

Fiduciary Management – Members of management directly entrusted with the responsibility of financial resources of the organization.

2. Key Fund Information and Management

a) Background Information

The Office of the Registrar of Political Parties (ORPP) is established under the Political Parties Act 2011 as a State Office within the meaning of Article 260 of the Constitution. The Act further provides that ORPP shall be a body corporate with perpetual succession, with a common seal and capable of suing and being sued in its corporate name.

The Act is the primary legal reference for management of political parties pursuant to Articles 38, 91 and 92 of the Constitution, which envisages well-governed political parties that respect internal democracy and their constitutional status in the Kenyan political system. The office promotes a democratic political system that is issue-based, people-centred, result-oriented and accountable to the public as outlined in the Third Medium Term Plan (MTP IV) of Vision 2030, ORPP Strategic Plan among others.

The Salaries and Remuneration Commission vide Circular No .SRC/ADM/CIR/1/13.III (128) dated 17th November, 2014 granted approval for all Public Service Institutions to establish Staff Mortgage and Car Loan Scheme. In line with this provision, the Office of the Registrar of Political Parties established a Staff Mortgage and Car Loan Scheme. The Office developed the Political Parties (Staff Mortgage and Car Loan Scheme) Regulations, 2017, which were gazetted vide legal notice No. 294 on 29th December 2017 to guide the implementation of the Scheme.

The Scheme was operationalized in May 2018 and the Staff Mortgage and Car Loan Advisory Committee was established. The committee comprises seven (7) members and a secretariat appointed by the Registrar. The committee responsibilities are to:-

- i. Select competitively the service provider for the administration of the scheme;
- ii. Liaise with the service provider to establish a revolving fund for the disbursement of loans;
- iii. Supervise day to day running of the Scheme;
- iv. Process applications for loans in accordance with the existing terms and conditions of borrowing;

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- v. Forward the successful applications with recommendations to the service provider for approval among others.

Since inception, the Scheme has received Kenya shillings two hundred and twelve million, nine hundred and ninety-nine thousand nine hundred and thirty-eight, (Kshs.212,999,938) through financial years 2017/2018, 2018/2019 2019/2020 and 2020/2021 from the exchequer. This amount is broken down as follows; mortgage received Kenya shillings one hundred eighty million eight hundred and ninety-nine thousand nine hundred thirty-eight (Kshs.180, 899,938) while car loan scheme received Kenya shillings thirty-two million one hundred thousand (Kshs. 32,100,000).

b) Principal Activities

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

The principal activities of the Scheme are to;

- i. Purchase existing residential property;
- ii. Purchase land and construct residential property;
- iii. Construct, renovate and improve existing residential property;
- iv. Takeover loans on existing mortgages;
- v. Provide equity release;
- vi. Purchase cars; and
- vii. Take-over of existing car loans.

c) Staff Mortgage and Car Loan Advisory Committee



Ann N. Nderitu, CBS

Registrar of Political Parties/ CEO

Ann Nderitu is the Registrar of Political Parties in Kenya. She is also the Chief Executive Officer (CEO) and the Accounting Officer of the Office of the Registrar of Political Parties (ORPP). The Registrar is responsible for strategic and visionary leadership for the effective implementation of ORPP's mandate of registration, regulation of political parties and Administration of the Political Parties Fund. Since 2018 at when she assumed ORPP apex leadership, she has been instrumental in streamlining registration and compliance of political parties; forging strategic partnerships and collaborations; reengineering internal processes including customer service delivery models, digitalization of all critical services and spearheading the establishment of innovative and creative human capital.



Ms. Nderitu is a seasoned public service professional with a specialization in Public Administration; Elections Management, Governance and Education. She has a vast experience spanning over 22 years in her forte with accomplished assignments locally, regionally and internationally. In varied public and cross-sector portfolios held, she has a demonstrable proven track record. The Registrar holds a Master's Degree in Linguistics, Bachelor of Education (English and Literature)

from The University of Nairobi; Diploma in Public Administration (Israel); Diploma in Project Management, Human Resource, Corporate Governance, and Transformative Leadership among other professional certification.

She is a Certified BRIDGE Accrediting Facilitator who is internationally recognized for running numerous electoral training programmes and elections observation programmes across the globe; a credential that qualifies her among the few Election Management and Electoral Training Experts in African continent and beyond. She has been a team leader in writing and publishing over 15 manuals and training guides on election and political processes in Kenya.

Ann Nderitu is also a holder of a Presidential Award-Chief of Burning Spear (CBS) as a recognition of her intense contribution to promoting good governance. She firmly believes in justice and fairness and is a keen advocate for upholding the principles of good governance. She is also zealous in shaping corporate entities to be responsive to the stakeholders' needs and aspirations of all Kenyans through positions held in trust.

Besides being a corporate leader, she is also passionate about empowering women and Special Interest Groups (SIGs) in general, especially at the grassroots. She has successfully steered empowerment and mentorship programmes across the country, with many young girls and aspiring women leaders having been moulded through her



	impactful initiatives.
 <p>Joshua M. Kimulu Senior Chief Finance Officer</p>	<p>Mr. Joshua M. Kimulu is responsible for effective implementation of prudent financial management strategies, policies, standards and procedures in budget planning and preparation, and resource mobilisation. He holds a Master of Science Degree in International Economics and Business from University of Groningen, the Netherlands, a Bachelor of Arts Degree in Economics from Moi University. He holds a certificate of Certified Public Accountants Part III (CPA K), Strategic Leadership and Senior Management from Kenya School of Government. He also holds a Professional Certificate in International Trade from the University of Adelaide, Australia. He is a Member of the Institute of Certified Public Accountants of Kenya (ICPAK)</p>
 <p>Jane N. Kamau Senior Administration Officer</p>	<p>Jane Kamau is the head of Administration Department. The Department is charged with providing the logistic support for ORPP operations in order to ensure the smooth running of Office activities. The Department is fundamental in ensuring that the accommodation needs of the Office are met, coordinating the office transport services, enhancing the security of staff and premises and enhancing adherence to Occupational Health and Safety Standards of the Office.</p> <p>She holds a Master of Arts degree in Linguistics from the University of Nairobi and Bachelor of Arts in English and Literature from the University of</p>

	<p>Nairobi.</p> <p>She has worked in various fields including education, Community Development and Communication. She desires to be a competent professional and mentor in the fields of Education, Research, Administration and Communication.</p> <p>Jane is a full and active member of good standing with the Kenya Institute of Management.</p>
 <p>Douglas Wanzala Principal Accountant</p>	<p>Douglas A.O Wanzala is responsible for implementing prudent financial management policies, strategies, standards, procedures in accounting in line with Public Financial Management Act (PFM) and other Treasury Circulars. He holds a Master of Science (Msc) in Finance and Economics, and a Bachelor of Commerce degree (Finance Option) from KCA University. He is a Certified Public Accountant and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK). He has a certificate in Strategic Leadership development Programme (SLDP) and a certificate in Senior Management Course (SMC) from Kenya School of Government.</p>
 <p>Jacqueline Kosgei Principal Human Resource Management Officer</p>	<p>Jacqueline Kosgei is a seasoned Human Resource professional with over 15 years' experience in management of Human capital in various government Ministries, Departments and Agencies She has extensive knowledge and skills in end to end recruitment, employee performance management, job evaluation, reward management, training and development, and organizational development. In addition, Jacqueline has a wealth</p>

	<p>of knowledge and experience in development and implementation of HR strategies, policies and procedures. Her other skills and competencies include development and implementation of Quality Management System based on ISO and formulation of strategic plans.</p> <p>Jacqueline holds a Bachelor' of Arts degree in, Government and Public Administration, post graduate Diploma in HRM, Master of Business Administration (Strategic Management) and has attended various leadership and management courses both locally and abroad. Jacqueline is a full and active member of the Institute of Human Resource Management (IHMRM)</p>
 <p>Anastacia N. Kaberere Senior Compliance Officer (Political Parties Capacity Building)</p>	<p>Anastacia Kaberere is responsible for developing and implementing strategies for capacity of Political Parties. Prior to this appointment she served for over 15 years as a Facilitator, Lecturer, and Administrator with various government and non-governmental organizations where she managed enormous and complex national and international programs.</p> <p>She is passionate in giving back to the society and serve as a School Board Member, Mentor with Global Give Back Foundation, Children, Youth and Family Ministry. She also steers gender and inclusion matters in her line of duty and contributes to policies while serving as a member of various statutory committees. She is an accredited NITA trainer in Leadership, Governance and project management, a member of Kenya Institute of</p>

The Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme

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	<p>Management and a KSG Alumni.</p> <p>She holds a Masters degree in Business Administration (Project Management) Bachelor's Degree in Business Administration (Human Resource Management) and a Diploma in Business Management. She has also attended numerous short courses key among them Strategic Leadership Course, Governance and Public Policy, Facilitators Course, 21st Global Leadership course and Senior Management course.</p>
 <p>Geraldine Mukele County Coordinator</p>	<p>Geraldine Mukele is an Advocate of the High Court of Kenya. She holds a Bachelor of Laws Degree and a Post Graduate Diploma from the Kenya School of Law. She is also a member of the Law Society of Kenya.</p>
 <p>Leonard Rotich Senior ICT Assistant</p>	<p>Lenard K. Rotich is dynamic and accomplished ICT professional with over 25 years of experience in public service in various institution. Having started his career at Kenya Post and Telecommunication and late Telkom Kenya Ltd, he has a wealth of experience spanning over 10 years in the management of elections and political parties, having worked at Interim Independent Electoral Commission (IIEC) and Independent Electoral and Boundaries Commission (IEBC).</p> <p>He is currently serving as a Senior ICT Assistant at ORPP where he is greatly involved in the development and maintenance of ICT systems and database that manages political parties and their</p>

The Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme

Annual Report and Financial Statements for the year ended 30th June 2023

	members as well as automation of other internal systems. He holds a Diploma in Information Technology from Kenya School of Professional Studies and ACCA Part 1 with extensive knowledge and training in systems development and Database management as well as formulation of ICT Policies and its implementation.
--	--

d) Fiduciary Management

i) Internal Audit

The Staff Mortgage and Car Loan facility is audited by internal audit and report tabled to the Audit Committee.

ii) Staff Mortgage and Car Loan Advisory Committee

The Staff Mortgage and Car Loan Advisory Committee has a fiduciary responsibility and comprise of the following members: -

S/No	Name	Designation	Appointment
1.	Ann N. Nderitu, CBS	Registrar of Political Parties/ CEO	CEO
2.	Joshua Kimulu	Senior Chief Finance Officer	Chairperson
3.	Anastacia Kaberere	Senior Compliance Officer (Political Parties Capacity Building)	Member
4.	Douglas Wanzala	Principal Accountant	Member
5.	Geraldine Mukele	Senior County Monitor	Member
6.	Lenard Rotich	ICT Officer	Member
7.	Jane Kamau	Senior Administration Officer	Member
8.	Jacqueline Kosgei	Principal Human Resource Management Officer	Secretary
	Alternate Members		
1.	Loserian Tukey	Compliance Officer	Alternate to Senior County Coordinator

The Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2023

2.	Mary Kavindu	Human Resource Management Officer	Alternate to Principal Human Resource Management Officer
	Secretariat		
1.	Abdi Aziz Mohammed	HRMO	Secretariat
2.	Elizabeth Wakesho	Office Administrator	Secretariat

a) Office Headquarters

P.O. Box 1131 – 00606,
 Lion Place 1st Floor,
 Karuna Close, Off Waiyaki Way,
 Westlands, Nairobi, Kenya
 Telephone: (254) (020) 4022000
 E-mail: info@orpp.or.ke
 Website: www.orpp.or.ke.

Office of the Registrar of Political Parties - Regional offices

i. Kisumu Re-insurance Plaza 3 rd floor Wing B Oginga Odinga Road Kisumu	ii. Mombasa Palli House, 5 th Floor Nyerere Avenue, Mombasa	iii. Uasin-Gishu Kerio Valley Development Authority (KVDA) Plaza 7 th floor, Oloo Street Eldoret
iv. Isiolo County Estate, Isiolo Township Plot No. LR7918/164 Isiolo	v. Kitui Mamelondi House JICA/KEFRI road Next to Main Prisons Kitui	vi. Nakuru Assumption Centre 4th Floor Moi Road Nakuru
vii. Nyeri Advocates Plaza, Baden Powell Road Nyeri	viii. Bungoma Daima Plaza Bungoma – Mumias Road Bungoma	ix. Malindi Malindi Complex Mall Malindi – Garsen Road Malindi Town
x. Nyahururu GF Plaza Kenyatta Avenue Nyahururu	xi. Garissa Office of the Auditor General Second Floor Garissa	

b) Entity Bankers

Housing Finance Corporation 2327693401
Koinange Street
P.O. Box 30088
City Square 00100
Nairobi, Kenya

c) Independent Auditors

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

d) Principal Legal Advisor

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

3. Chairman's Report

It is the desire of many Kenyans to own a home and acquire a vehicle. However, the cost of decent housing is prohibitive and out of reach for many Kenyans. The ORPP Staff Mortgage and Car Loan Scheme provides ORPP staff with an opportunity to acquire/buy/build a home for non-commercial use and purchase non-commercial cars using a mortgage facility and car loan scheme respectively that is affordable and has longer repayment period. The Scheme is set up as a revolving fund and is overseen by the Staff Mortgage and Car Loan Advisory Committee in line with the Political Parties (Mortgage and Car Loan Scheme) Regulations, 2017. The ORPP mortgage facility and Car Loan Scheme is pursuant to the Salaries & Remuneration Commission (SRC) approval for State Officers and other public officers to benefit from Government funded loans.

The National Treasury provided the first budget allocation of sixty five million shillings (Kshs.65,000,000) and ten million one hundred thousands shillings (Kshs.10,100,000) to the Mortgage and Car Loan Scheme respectively in the FY 2017/18. However, the scheme did not record any disbursement because the Office was laying down statutory and administrative structures to govern the management of the scheme. The scheme received an additional budget of Kshs.75,000,000 , Kshs.30,024,938 and Kshs.10,875,000 during the FYs 2018/2019 2019/2020 and 2020/2021 for mortgage and Kshs.12,000,000 and Kshs.10,000,000 during financial year's 2018/2019 and 2019/2020 for car loan scheme respectively.

The Advisory Committee in conjunction with Housing Finance Corporation (HFC) which was the service provider for Mortgage and Car Loan scheme has continued to sensitize staff on the available facilities within the scheme. During the FY 2022/2023, the committee and HFC sensitized staff on the available facilities under the scheme. The Committee also sensitized staff on the scheme facilities during the annual staff meeting. In addition, the HFC has carried out one-on-one clinics with individual staff members to sensitize them on the scheme facilities.

In the Financial year 2022/2023, the committee processed and disbursed five (5) loans amounting to twenty-eight million eight hundred thirty-four thousand two hundred seventy-nine shillings and fifty cents (Kshs. 28,834,279.50).

Out of the five (5) loans disbursed, one (1) loan was for a car purchase amounting to one million twenty thousand shillings (Kshs.1,020,000) while two (2) loans amounting to fifteen million fifty thousand shillings (Kshs.15,050,000) was for house purchase and two (2) loans amounting to twelve million seven hundred sixty-four thousand two hundred seventy-nine shillings and fifty cents (Kshs. 12,764,279.50) was for house construction.

During the financial year 2022/23, the mortgage facility earned two million two hundred thousand five hundred twenty-eight shillings and sixty-two cents (Kshs. 2,200,528.62) as net interest while the Car loan facility earned seven hundred fifty-two thousand four hundred thirty-one shillings and sixty four cents (Kshs. 752,531.64) as net interest. In total, the two facilities earned net interest amounting to two million nine hundred fifty-two thousand nine hundred sixty shillings and twenty-six cents (Kshs.2,953,059.88).

Cumulatively, from 2018 to 30th June 2023, a total of one hundred forty-eight million seven hundred thirty-six thousand eight hundred two shillings and fifty cents (Kshs. 148,736,802.50) has been disbursed for the mortgage while three million five hundred twenty thousand shillings (Kshs. 3,520,000) for the car loan scheme bringing the total disbursements from the scheme since it's operationalization to one hundred fifty-two million two hundred fifty-six thousand eight hundred two shillings and fifty cents (Kshs.152,256,802.50).

Over the period, three (3) loans for mortgage amounting to twenty-three million four hundred thousand shillings (Kshs. 23,400,000) were fully serviced.

The Office of the Registrar of Political Parties (ORPP) appreciates the National Treasury for the allocation of funds to the ORPP Mortgage facility and the Car Loan Scheme. The scheme will go a long way in actualizing the vision of affordable housing and facilitate staff mobility.



Joshua M. Kimulu
Chairperson, Mortgage and Car Loan Advisory Committee

4. REPORT OF THE FUND MANAGER

4.1 Overview

ORPP Car and Mortgage Scheme was initiated on the 5th June 2018 with HFC as guided by SRC. The objective of the funded scheme is to subsidize/ give preferential rate of 3% to staff of ORPP who want to access mortgage and car loan facilities upon recommendation by the scheme committee.

As at the financial Year ending 30th June 2023, total funds disbursed stood at Ksh. 152,256,802.50 across both products with a total of twenty two (22) beneficiaries. The categories of product under the scheme include; Mortgage, plot loan, buy and build, equity release construction mortgage and car loan.

Total gross interest earned for the FY 2022/2023 was Kshs. 2,588,856.35 for the mortgage scheme and Kshs. 885,213.68 for the car scheme.

The Scheme certificate of bank balance for the financial year ended 30th June 2023 is as follows:

Type of account	Title of account	Account number	Balance as at 30/06/23
Fixed Term Deposit A/c	ORPP mortgage High Interest A/c	2327693401	101,064,288.52
Fixed Term Deposit A/c	ORPP car High Interest A/c	2327693402	35,999,960.99

4.2 Successes

The following are the highlights of the achievement

- i. The initiative has benefited twenty two (22) individuals so far who have either acquired property or owned a car at significantly discounted rate of 3% through the scheme.
- ii. Given the nature of the revolving fund, repayments continue to create capital movement for others to access and benefit from it.

- iii. The loans advanced so far under the scheme are all performing with zero cases of default.

- iv. The administration process to the end user has been seamless right from making the application to disbursement.

4.3 Challenges

The challenges experienced in the course of administering the scheme includes:-

- i. Slow uptake of the facility.
- ii. Limited number of complete affordable housing supply in the market.
- iii. Straight purchase finances complete units and not off plan, limiting options for potential employee seeking straight purchase.

4.4 Future outlook

In the administrators view, the future outlook will be informed by the following:-

- i. Quarterly member education including financial literacy.
- ii. Planning sensitization activities around scheme for paradigm shift and increased utilization
- iii. Partnership with state department of housing to deliver affordable housing units in the market.

We are confident that the scheme is meeting its primary benefit as prescribed below:

- i. Employer of choice
- ii. Motivating Employees and rewarding staff loyalty.
- iii. Attracting the best in the market
- iv. Retaining of the institutions' key resource (HR)
- v. Cushioning employees from high market rates which can be above 19%.

5. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

5.1 Introduction

The ORPP strategic plan under Institution Capacity Key Result Area recognizes the need to build institutional capacity. The mortgage and Car loan scheme is one of the initiative towards meeting this strategic goal. In the period under review, the following were the milestones realized under the scheme.

5.2 Progress on the attainment of Strategic Objectives through Performance Contracting

The main objective of the Scheme is to provide access to affordable housing and cars credit facilities.

Cumulatively, from 2018 to 30th June 2023, a total of Kenya shillings one hundred and forty-eight million eight hundred and fifty-three thousand two hundred and seventy-two (Kshs. 148,853,272) has been disbursed for the mortgage while Kenya shillings three million five hundred and twenty thousand (Kshs.3,520,000) for the car loan scheme bringing the total disbursements from the scheme since its operationalization to Kenya shillings one hundred and one hundred and fifty-two million, three hundred and seventy-three thousand two hundred and seventy-two (Kshs. 152,373,272).

As at 30th June 2023, nineteen (19) applicants had benefited from the mortgage facility while three (3) applicants had benefited from the Car Loan Scheme. In terms of gender, fourteen (14) females and five (5) males have benefited from the mortgage scheme while two (2) male and one (1) female have benefited from the car loan scheme.

6. Corporate Governance Statement

6.1 Appointment of Committee Members

The Staff Mortgage and Car Loan Advisory committee is appointed by the Registrar of Political Parties in accordance with section 7 (1) of the Political Parties (Staff Mortgage and Car Loan Scheme) Regulations, 2017. The Registrar appoints seven (7) members of staff among them a Chairperson, a vice Chairperson and the Secretary to the committee. The secretariate of the committee shall be drawn from the Human Resource department. Members of the committee nominate a liaison officer from amongst themselves.

6.2 Roles and Functions of the Committee

Under regulation 10, the committee responsibilities are to:-

- i. Select competitively the service provider for the administration of the scheme;
- ii. Liaise with the service provider to establish a revolving fund for the disbursement of loans;
- iii. Supervise day to day running of the Scheme;
- iv. Process applications for loans in accordance with the existing terms and conditions of borrowing;
- v. Forward the successful applications with recommendations to the service provider for approval among others.

6.3 Committee Meetings

In the year under review, the committee held seven (7) meetings as indicated below;

S/No.	Date of Meeting	Membership	Percentage
1.	28th October 2023	7/7	100%
2.	1st November 2022	7/7	100%
3.	30th January 2023	5/7	71.4%
4.	8th February 2023	4/7	57.1%
5.	21st February 2023	6/7	85.7%
6.	24th March 2023	7/7	100%
7.	8th May 2023	6/7	85.7%

6.4 Succession Plan

The tenure of the Mortgage and Car Loan advisory committee is three (3) years renewable and the Office has put mechanisms for continuity of the Committee.

6.5 Conflict of Interest

The committee kept a register where any member of the committee who made an application was obliged to declare conflict of interest.

6.6 Compliance with Existing Laws and Regulations

The committee complied with all the relevant laws and regulations, which included the Constitution, Public Finance and Management Act 2012, Political Parties (Staff Mortgage and Car Loan Scheme) Regulation 2017 and Public Procurement and Asset Disposal Act 2015 among others.

6.7 Audit of the Scheme

This Scheme is subjected to Annual Audit by the Office of the Auditor General.

7. Management Discussion and Analysis

7.1 Operation and Financial Performance

The ORPP Staff Mortgage and Car Loan Scheme provides staff of the Office of the Registrar of Political Parties (ORPP) with an opportunity to buy or build a house/or improve residential property using a mortgage or buy a private car using a loan that is affordable. The loanees are insured with group life assurance and the property insured against fire to mitigate against any risk.

Since inception, the scheme has received from the National Treasury a total of Kenya shillings two hundred and twelve million, nine hundred and ninety-nine thousand nine hundred thirty-eight (Ksh.212,999,938), being house mortgage Kenya shillings one hundred eighty million eight hundred and ninety-nine thousand nine hundred thirty eight (Kshs.180,899,938) and Car Loan Kenya shillings thirty two million one hundred thousand (Kshs. 32,100,000).

7.2 Funds Product

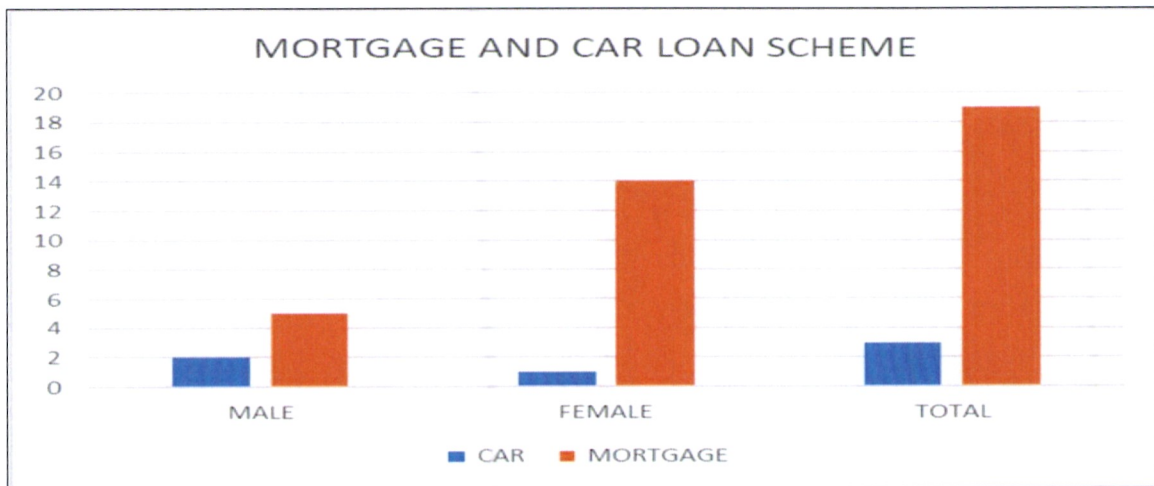
The scheme purpose is to disburse affordable Mortgage and Car Loan to staff

7.3 Loan Status

Cumulatively, from 2018 to 30th June 2023, a total of one hundred forty-eight million seven hundred thirty-six thousand eight hundred two shillings and fifty cents (Kshs. 148,736,802.50) has been disbursed for the mortgage while three million five hundred twenty thousand shillings (Kshs.3,520,000) for the car loan scheme bringing the total disbursements from the scheme since it's operationalization to one hundred fifty-two million two hundred fifty-six thousand eight hundred two shillings and fifty cents (Kshs.152,256,802.50).

As at 30th June 2023, nineteen (19) applicants had benefited from the mortgage facility while three (3) applicants had benefited from the Car Loan Scheme. In terms of gender, fourteen (14) females and males (5) males have benefited from the mortgage scheme while two (2) male and one (1) female have benefited from the car loan scheme.

	MALE	FEMALE	TOTAL
CAR	2	1	3
MORTGAGE	5	14	19
TOTAL	7	15	22



In regards to repayment, all the loans are performing.

The Mortgage Loan repayment during the year under review totalled to Kenya shillings nineteen million Seven hundred seventy-Three thousand, Four hundred and fifty seven (Kshs.19,773,457), and Car Loan repayment during the year under review totalled to Kenya shillings four hundred and fifty six thousand, six hundred and seventy seven (Kshs.456,677). Staff Mortgage scheme earned gross interest income of Kenya shillings two million five hundred and eighty eight thousand, eight hundred and fifty six (Kshs.2,588,856) and while Car Loan earned gross interest income of One million one hundred seventy one thousand six hundred twenty three shillings (Kshs 1,171,623).

From the foregoing, it is clear that the fund is growing through the interest earned by the unutilised balance in the account. As at the 30th June 2023, the Mortgage scheme bank balance stood at Kenya shillings one hundred and one million, sixty-four thousand Two hundred and eighty eight cents fifty two only (Kshs.101,064,288.52), and the Car Loan Scheme had a bank balance Kenya

shillings thirty five million, nine hundred ninety nine thousand, nine hundred sixty and cents ninety nine only (Kshs.35,999,960.99).

It is expected that the scheme will be more active in the subsequent financial periods considering that the uptake of the facility has greatly improved and the in-post members of staff is increasing. Further, staff sensitization on the benefits accruing from obtaining funds from the scheme instead of other financial institutions whose rate of interest is high and the period allowed for repayment is long is expected to improve uptake.

7.4 Compliance with Statutory Requirement

The Funds operation has complied with all relevant regulations which includes the Constitution, Public Finance and Management Act 2012, Political Parties (Staff Mortgage and Car Loan Scheme) Regulation 2017 and Public Procurement and Asset Disposal Act 2015 among others.

8. ENVIRONMENTAL AND SUSTAINABILITY REPORT

The Office of the Registrar of Political Parties (ORPP) has put in place sustainable institutional measures. These efforts are embedded in the governance, operational and administrative processes. Corporate Social Responsibility (CSR) was undertaken under the ORPP's Corporate Social Policy and Strategy, 2019 which is seen a means to; enhance corporate image and identity; enhance strategic stakeholder partnerships and engagement as well as act an internal institutionalized mechanism to foster internal publics' engagement and involvement in view of instating a verifiable Corporate Social Investment (CSI).

During the year under review, ORPP undertook both direct and indirect activities as interventions towards its CSR import. These included support to the 10th edition of All Kenya Moot Court competition held at Kenyatta University School of Law from 21st to 25th March 2022. The Office offered support in terms of judging the competition and making a presentation on the role of the your and political parties in promoting democracy.

Every effort has been put in place to conserve the environment in which ORPP operates or impacts on. In the period under review, the Office continued to donate to recycling and paper producing companies its waste papers as a waste disposal mechanism. A policy direction to minimize paper usage, printers and related accessories thus efficiently handling the business at hand with reduced cost was adhered to.

Staff members were encouraged to conserve water and electricity while at their work-stations. The Office has shared utilities such as kitchenettes, washrooms, waste disposal areas to conserve water and energy. In its procurement of various goods, particular priority is given to eco-friendly products and assets. The disposal of electronic waste in the period under review was undertaken in line with such waste disposal guidelines.

The Office is equipped with good quality bins which facilitate ease of disposal of waste. Further, the Office has put in place water dispenser, reusable water bottles, reuse of packing envelopes. Additionally, the Office had digitized its processed including Human Resources Information System that cuts down on use of paper. These efforts contribute to conserving the environment.

In the Human Resources Management spectrum- planning, recruitment, selection, placement and promotion at ORPP is practiced in line with principles of public service, public service HR policy guidelines and ORPP Human Policy and Procedure Manual, 2017 already in place and due for review in FY 2022/23.

In the year under review, the Office competitively recruited the Director Compliance and made public vacancy announcements through newspaper advertisements contained in MyGov for 7 positions in February, 2022. A functional online staff Appraisal System was implemented in the period on which individual staff targets were developed and appraisals anchored on at the end of the financial year.

The Office continued to operate within the laid down Occupational Safety and Health Standards. Good working environment and conditions that befit and cater for working needs of staff were maintained. This was in line with the working codes as stipulated in the Office policy and code of conduct already in place. The Office is guided by the Human Resources Policy and Procedures Manual in place that articulates relevant Human Capital Management principles. The Office has a staff medical cover and a car and mortgage facility which enable staff to acquire property either movable or immovable.

The ORPP has functional home-grown voluntary staff welfare association. The Association offers financial support to members towards bereavement, medical (In patient expenses beyond the medical cover) and retirement; fosters and encourages welfare activities among its members; solicits for assistance from the employer or any other benefactor in cash or in kind for the welfare of the members; establishes and maintained funds by means of voluntary contributions and subscriptions.

9. REPORT OF THE FUND ADMINISTRATION COMMITTEE

The Salaries and Remuneration Commission vide Circular No .SRC/ADM/CIR/1/13.III (128) dated 17th November, 2014 granted approval for all Public Service Institutions to establish Staff Mortgage and Car Loan Scheme. In line with this provision, the Office of the Registrar of Political Parties established a Staff Mortgage and Car Loan Scheme. To guide the implementation of the Scheme, the Office developed and gazetted Staff Mortgage and Car Loan Scheme Regulations on 29th December, 2017. The Registrar in accordance with section 7 (1) of the Regulations established the Staff Mortgage and Car Loan Advisory Committee on 30th April 2018 for a period of three (3) years to manage and administer the scheme. The tenure of the Committee came to an end on 30th April 2021 and another committee was constituted for a further period of 3 years from May 2021 and ending April, 2024.

The Committee developed necessary documentation for use in the Mortgage and Car Loan application process. The Mortgage and Car Loan facility offer the ORPP staff an opportunity to buy or build a house/or improve residential property using a mortgage that is affordable or buy a private car using a loan that is affordable. Since inception, the scheme has received from the government a total of two hundred and twelve million, nine hundred and ninety nine thousand nine hundred thirty eight shillings (Ksh.212,999,938) as seed capital out of which one hundred eighty million eight hundred and ninety nine thousand nine hundred thirty eight shillings (Kshs.180,899,938) was for house mortgage and thirty two million one hundred thousand (Kshs. 32,100,000) for car loan.

The scheme has since 2018 to 30th June 2023, disbursed a total of one hundred forty-eight million seven hundred thirty-six thousand eight hundred two shillings and fifty cents (Kshs. 148,736,802.50) for the mortgage while three million five hundred twenty thousand shillings (Kshs. 3,520,000) for the car loan scheme. The total disbursements from the scheme since its operationalization amounts to one hundred fifty-two million two hundred fifty-six thousand eight hundred two shillings and fifty cents (Kshs.152,256,802.50). . In regards to repayment, all the loans are performing.

The Staff Mortgage Scheme earned net interest income of two million two hundred thousand five hundred twenty-eight shillings and sixty-two cents (Kshs.2,200,528.62) and Mortgage Loan repayment during the year under review totalled to nineteen million seven hundred seventy-three thousand four hundred fifty-seven shillings (Ksh.19,773,457), while Car Loan earned net interest income of nine hundred ninety-five thousand eight hundred and eighty shillings (Kshs.995,880) and Car Loan repayment during the year under review totalled to four hundred fifty-six thousand six hundred seventy -seven shillings (Kshs. 456,677).

The Mortgage scheme bank balance stood at one hundred one million sixty four thousand, two hundred and eighty eight and fifty two cents (Kshs.101,064,288.52), and the Car Loan Scheme had a bank balance of thirty five million, nine hundred ninety nine thousand, nine hundred sixty and cents ninety nine only (Kshs.35,999,960.99). As at 30th June 2023, the absorption level for the mortgage stood at 82.22% while that of car loan stood at 11.53%. Cumulatively, the overall absorption stood at 71.57%.

10. Statement of Management's Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Registrar of Political Parties (ORPP) shall prepare financial statements in respect of the office. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Registrar is the Accounting Officer for the Office of the Registrar of Political Parties and is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the Office for and as at the end of the financial year ended on June 30th, 2023. 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 Office;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the office
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Registrar accepts responsibility for the financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Registrar is of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30th, 2023, and of the financial position as at that date. The Registrar further confirms the completeness of the accounting records maintained for the office, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2023

The Registrar confirms that the office has complied fully with applicable Government Regulations and the Political Parties Act and that the Office of the Registrar of Political Parties' funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Registrar confirms that the financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Nothing has come to the attention of the Registrar to indicate that the entity will not remain a going concern for at least the next twelve months from the date of these statements.

Approval of the financial statements

The Office of the Registrar of Political Parties' financial statements were approved and signed by the Registrar on 30/6/ 2023.



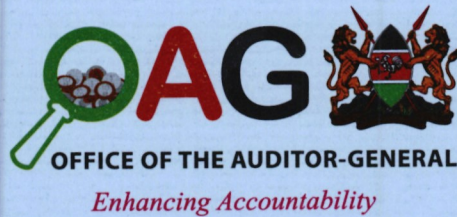
Ann N. Nderitu, CBS
Registrar of Political Parties/ CEO



Douglas Wanzala
Principal Accountant
ICPAK M/No. 10692

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE REGISTRAR OF POLITICAL PARTIES STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Office of Registrar of Political Parties staff mortgage and car loan scheme set out on pages 1 to 16 which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial

Report of the Auditor-General on Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2023

performance, the statement of changes in net assets, statement of cash flows, 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 the Office of Registrar of Political Parties Staff Mortgage and Car Loan Scheme as at 30 June, 2023, and 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 political parties (Staff Mortgage and Car Loan Scheme) Regulations, 2017 the Public Finance Management Act, 2012.

Basis Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to cease to 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 December, 2023

Political Parties Staff Mortgage and Car Loan Scheme

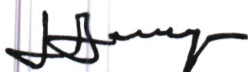
Annual Report and Financial Statements for the year ended 30th June 2023

12. Statement of Financial Performance for the year ended 30th June 2023


Description	Note	2022/23 Kshs.	2021/22 Kshs.
Revenue from non-exchange transactions			
Transfers from Registrar of Political Parties - Recurrent			
Revenue from exchange transactions			
Interest income	7	3,196,408	4,898,369
Total revenue		3,196,408	4,898,369
Expenses			
Use of goods and services		-	-
Acquisition of assets		-	-
Finance costs		-	-
Total expenses		-	-
Surplus/Deficit after Tax		3,196,408	4,898,369

The notes set out on pages 7 to 12 form an integral part of these Financial Statements.

The financial statements were approved on 30/6/23 by:



Ann N. Nderitu, CBS
Registrar of Political Parties/CEO



Douglas Wanzala
Principal Accountant
ICPAK M/No. 10692

13. Statement of Financial Position as at 30th June 2023

Description	Note	2022/23 Kshs.	2021/22 Kshs.
Assets			
Current assets			
Cash and cash equivalents	8	140,111,668	145,519,405
Current portion of long-term receivables from exchange transactions			
Total Current Assets		140,111,668	145,519,405
Non-current assets			
Receivables from exchange transactions	9	99,728,852	91,124,706
Total assets		239,840,520	236,644,111
Liabilities			
Trade and other payables		-	-
Total liabilities		-	-
Net assets		239,840,520	236,644,111
Car loan revolving fund		32,100,000	34,327,989
Mortgage revolving fund		180,899,938	180,831,670
Accumulated surplus		26,840,582	21,484,452
Total net assets and liabilities		239,840,520	236,644,111

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 30/6/2023 and signed by:



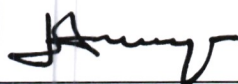
Ann N. Nderitu, CBS
Registrar of Political Parties/CEO



Douglas Wanzala
Principal Accountant
ICPAK M/No. 10692

14. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Mortgage Fund Kshs.	Car Loan Fund Kshs.	Accumulated surplus Kshs.	Total Kshs.
Balance as at 1 July 2021	180,831,670	34,327,989	16,586,083	231,745,742
Funds received during the year	-		-	-
Surplus/(deficit) for the period	-		4,898,369	4,898,369
Transfers				
As at 30 June 2022	180,831,670	34,327,989	21,484,452	236,644,111
Balance as at 1 July 2022	180,831,670	34,327,989	21,484,452	236,644,111
Adjustments	68,268	(2,227,989)	2,159,721	-
Funds received during the year	-		-	-
Surplus/(deficit) for the period	-		3,196,408	3,196,408
Transfers	-			
As at 30 June 2023	180,899,938	32,100,000	26,840,582	239,840,520



Ann N. Nderitu, CBS
Registrar of Political Parties/CEO



Douglas Wanzala
Principal Accountant
ICPAK M/No. 10692

15. Statement of Cash Flows for the year ended 30th June 2022

Description	Note	2022/23 Kshs.	2021/22 Kshs.
Cash flows from operating activities			
Receipts			
Interest income	7	3,196,408	4,898,369
Surplus for the year			
Total receipts		3,196,408	4,898,369
Cash flow from operating activities			
Mortgage loan advanced		(27,814,279)	(1,771,342)
Car loan repayment		456,677	324,781
Mortgage loan repayment		19,773,457	12,927,031
Car loan advanced		(1,020,000)	(1,000,000)
Net cash flow from operating activities			
Cash flows from investing activities		(5,407,737)	15,378,839
Purchase of PPE and intangible assets			
Net cash flows used in investing activities			
Cash flows from financing activities			
Receipts into the mortgage revolving fund			
Receipts into the car loan revolving fund			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents	10	(5,407,737)	15,378,839
Cash and cash equivalents at 1 July 2022		145,519,405	130,140,198
Cash and cash equivalents at 30 June 2023	8	140,111,668	145,519,405



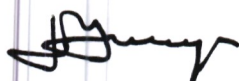
Ann N. Nderitu, CBS
Registrar of Political Parties/CEO




Douglas Wanzala
Principal Accountant
ICPAK M/No. 10692

16. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from office of the Registrar of Political Parties	-	-	-	-	-	-
Interest income	-	-	-	3,196,408	-	-
Other income	-	-	-	-	-	-
Total Revenue	-	-	-	3,196,408	-	-
Expenses						
Finance cost	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-
Surplus for the period	-	-	-	3,196,408		



Ann N. Nderitu, CBS
 Registrar of Political Parties/CEO



Douglas Wanzala
 Principal Accountant
 ICPAK M/No. 10692

(Budget notes

- *Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14*
- *Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
- *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation).*

17. Notes to the Financial Statements

1. General Information

Political Parties Staff Mortgage and Car Loan Scheme is established by and derives its authority and accountability from Political Parties (Staff Mortgage and Car Loan Scheme) Regulations, 2017, which were gazetted vide legal notice No. 294 on December 29th 2017. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is offer affordable mortgage facility and car loans to 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 value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx

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

The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), 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. Early adoption of standards

The Fund did not early – adopt any new or amended standards in the year 2021/22.

4. Significant Accounting Policies

a. Revenue Recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

c. Nature and Purpose of Reserves

The Fund creates and maintains reserves in terms of specific requirements. (*Fund to state the reserves maintained and appropriate policies adopted*).

d. Changes in accounting policies and estimates

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

e. Related parties

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Directors/Trustee, the Fund Managers, and Fund 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 Central Bank of Kenya (*remove if not applicable*) and at various commercial banks at the end of the financial year.

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.

h. Events after the reporting period

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

i. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the Department of xxx/ State Corporation. 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 Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(State all judgements, estimates, and assumptions made e.g.)

a) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. (see IPSAS 1.140.)

b) Useful Lives and Residual Values

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

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

Notes to the Financial Statements

6. Transfers from the office of the Registrar of Political Parties

Description	2022/23	2021/22
	Kshs.	Kshs.
Transfers from the office of the Registrar of Political Parties – Recurrent Account	-	-
Total	-	-

7. Interest income

Description	2022/23	2021/22
	Kshs.	Kshs.
Interest Income From Mortgage Loans	2,200,528	3,588,023
Interest Income From Car Loans	995,880	1,310,345
Total Interest Income	3,196,408	4,898,368

8. a) Cash and cash equivalents

Description	2022/23	2021/22
	Kshs.	Kshs.
Fixed Deposits Account	140,111,668	145,519,405
Total Cash and Cash equivalents	140,111,668	145,519,405

8 b) Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:

Financial Institution	Account number	2022/23	2021/22
		Kshs.	Kshs.
Mortgage and Car Loan Fund			
Housing Finance Corporation	2327693401 / 2327693401	137,064,250	145,686,062
Sub- Total		137,064,250	145,686,062

9. Mortgage and Car Loan Balance Sheet

Description	2022/23	2021/22
	Kshs.	Kshs.
Balance b/f	91,124,707	101,605,544
Mortgage and Car Loan Loans Disbursed	28,834,279	2,771,342
Mortgage and Car Loan Loans Repayment	(20,230,134)	(13,252,179)
Balance C/f	99,728,852	91,124,707

10. Net cash flows from operating activities

	2022/23	2021/22
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	3,196,408	4,898,368
Adjusted for:		
Working capital adjustments		
Car loan advanced	(1,020,000)	(1,000,000)
Mortgage loan advanced	(27,814,279)	(1,771,342)
Car loan repayment	456,677	324,781
Mortgage loan repayment	19,773,457	12,927,031
Net cash flow from operating activities	(5,407,737)	15,378,839

Other Disclosures

11. Financial Risk Management

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

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

a) Credit Risk

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

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

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

Description	Total amount Kshs.
At 30 June 2023	
Bank Balances	137,064,250
Total	137,064,250
At 30 June 2022	
Bank Balances	145,686,062
Total	145,686,062

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

b) Liquidity Risk Management

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

c) Market Risk

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

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

The Fund's 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 Fund's exposure to market risks or the manner in which it manages and measures the risk.

Other Disclosures Continued

d) Interest Rate Risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels.

The Fund's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of Interest Rate Risk

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

Sensitivity Analysis

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

e) Capital Risk Management

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

Description	2022/23	2021/22
	Kshs.	Kshs.
Revolving fund	212,999,938	215,159,659
Accumulated surplus (Reserves)	26,840,582	21,484,452
Total funds	239,840,520	236,644,111
Less: cash and bank balances	137,064,250	145,686,062
Net debt/(excess cash and cash equivalents)	102,776,270	90,958,049
Gearing	43%	38%

Other Disclosures Continued

12. Related Party Balances

a) Nature of related party relationships

Entities and other parties related to the Fund 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 fund/scheme is related to the following entities:

- a) The Government of Kenya
- b) Office of the Registrar of Political Parties
- c) Housing Finance Corporation