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REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 25 APR 2023

DAY.

TUESDAY

TABLED
BY:

Hon. Kimani Ichungwaly MP

OF

Leader of the Majority

CLERK-AT
THE-TABLE:

Inzofu Mwale

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2022**



REPUBLIC OF KENYA

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ORPP STAFF MORTGAGE AND CAR LOAN SCHEME

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

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1. 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 of Kenya. 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 of Kenya 2010, 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 III) 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 December 29th 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 and whose 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;

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 2022

- 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.

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

 <p>Joshua M. Kimulu 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>John M. Macharia Assistant Accountant General</p>	<p>John M. Macharia 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 Bachelor Degree of Commerce in Finance from Masinde Muliro University of Science and Technology. He is a CPA (K) and has a certificate in Strategic Leadership development Programme (SLDP) and a certificate in Senior Management Course (SMC) from Kenya School of Government. He is a member of ICPAK.</p>




Jacqueline Kosgei
Principal Human Resource
Management Officer

Jacqueline Kosgei is a seasoned Human Resource professional with over 15 years' experience in management of Human capital in various government Ministries and Agencies. Jacqueline has extensive knowledge and skills in end-to-end recruitment, employee performance management, job evaluation and reward management, training and development, organizational development and formulation of HR policies, procedures and strategies. While at the State Department for Public Service, Jacqueline provided extensive technical support to many government institutions in the development and review of their Human Resource Policies, Procedures and strategies. Her other skills, include development and implementation of Quality Management System based on ISO.

Jacqueline holds a Bachelor' of Arts degree in Government and Public Administration, Higher National Diploma in HRM, Master of Business Administration (Strategic Management) and has attended various leadership and management courses at the Kenya School of Government. She is a full and active member of the Institute of Human Resource Management (IHMRM)



Anastacia N. Kaberere is responsible for planning, coordinating and implementing training and development strategies in line with Training Policy. She holds a Masters degree in Business Administration, Project Management, from Kenyatta University, a Bachelors Degree in Business Administration, Human Resource Management from Kenya

<p>Anastacia N. Kaberere Senior Training and Development Officer</p>	<p>Methodist University and a Diploma in Business Management from Kenya Institute of Management (KIM). She has a certificate in Senior Management Course (SMC) from Kenya School of Government, a certificate in Training of Trainers (ToT) from Commonwealth Secretariat and a certificate in Supervisory Skills Management from Kenya School of Government.</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>

d) Fiduciary Management

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

S/No.	Name	Designation
1.	Joshua M. Kimulu	Chairperson
2.	Joel Terer	Member
3.	John M. Macharia	Member/ Liaison officer
4.	Anastacia N. Kaberere	Member
5.	Geraldine F. Mukele	Member
6.	Jane Kamau	Member
7.	Lenard Rotich	Member
8.	Jacqueline Kosgei	Secretary
	Secretariat	
1.	Alice Gichaga	Secretariat
2.	Elizabeth Wakesho	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, 3rd floor Wing B
Oginga Odinga Road
Kisumu
- ii. Mombasa**
Palli House, 5th Floor
Nyerere Avenue
Mombasa
- iii. Uasin Gishu**
Kerio Valley Development Authority (KVDA) Plaza 7th floor
Oloo Street
Eldoret
- iv. Isiolo**
County Estate, Isiolo Township
Plot No. LR7918/164
Isiolo
- v. Kitui**
Mamelondi House
JICA/KEFRI road
Nxet to Main Prisons
Kitui
- vi. Nakuru**
Assumption Center, 4th Floor
Moi road
Nakuru

- vii. Nyeri**
Advocates Plaza,
Baden Powell Road
Nyeri

- viii. Bungoma office**
Daima Plaza:
Bungoma -Mumias Road,
Bungoma

- ix. Malindi Office**
Malindi Complex Mall:
Malindi-Garsen Road
Malindi Town

- x. Nyahururu Office**
GF Plaza
Kenyatta Avenue
Nyahururu

- xi. Garissa Office**
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

2. Chairman's Report

It is the desire of many Kenyans to own a home. 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 Kshs.65, 000,000 and 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 10,875,000 during the FYs 2018/2019 2019/2020 and 2020/2021 for mortgage and Kshs 12,000,000 and 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 is the service provider for Mortgage and Car Loan scheme has continued to sensitize staff on the available facilities within the scheme. During the FY 2021/2022, 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 and also during the induction of newly recruited staff members.

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 2022

In the Financial year 2021/2022, the committee processed and disbursed two loans of Kenya Shillings one million (Kshs 1,000,000) for acquisition of personal vehicle and Kenya Shillings one million seven hundred seventy one thousand three hundred forty three (Ksh.1, 771,343) for construction of a residential house.

Cumulatively, from 2018 to 30th June 2022, a total of Kenya shillings one hundred twenty one million, thirty eight thousand ,nine hundred and ninety two (Kshs.121,038,992) has been disbursed for the mortgage while Kenya shillings two million five hundred thousand (Kshs.2,500,000) for the car loan scheme bringing the total disbursements from the scheme since its operationalization to Kenya shillings one hundred twenty-three million five hundred thirty eight thousand, nine hundred ninety two (Kshs.123,538,992).

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 as envisaged in the Big Four Agenda.



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

3. Report of the Fund Manager/ Administrator

Overview

ORPP car and mortgage scheme was initiated on the 05/06/2018 with HFC as guided by SRC. The objective of the funded scheme is to subsidize/ give preferential rate of three percent (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 June 2022, total funds disbursed stood at Kenya shillings one hundred and nine million, nine hundred and seven thousand, four hundred and fifty five (Kshs.109, 907,455) across both products with a total of sixteen (16) beneficiaries. Categories of product under the scheme include; Mortgage, plot loan, buy and build, construction mortgage and car loan. Total gross interest earned over the period is Kenya shillings nineteen million, three hundred ninety four thousand and fifty six cents ninety (Ksh.19,394,056.90) for the mortgage scheme and is Kenya shillings five million, five hundred thirty cents twenty five (Ksh. 5,000,530.25) for the car scheme. Certificate of balance for the financial year ended June 2022 is as follows:-

All figures in Kshs., unless stated otherwise

Type of account	Title of account	Account number	Balance as at 30/06/22	Interest accrued and not included
Fixed Term Deposit A/c	ORPP mortgage High Interest A/c	2327693401	109,757,336.07	-
Fixed Term Deposit A/c	ORPP car High Interest A/c	2327693402	35,928,726.03	-

Success highlights

The initiative has benefited 16 individuals so far who have either acquired property or owned a car at significantly discounted rate of 3% through the scheme. Given the nature of the revolving fund, repayments continue to create capital movement for others to access and benefit from it. The loans advanced so far under the scheme are all performing with zero cases of default. The administration process to the end user has been seamless right from making the application to disbursement.

Challenges Faced

Slow uptake of the facility. Another area of concern is the limited number of complete affordable housing supply in the market, also since a straight purchase finances complete units and not off plan. This limits options for potential employee seeking straight purchase. We are unable to accommodate some special request e.g. requests for plot loan facilities to run beyond 5 years and this has resulted to frustration for the end user.

Future outlook

We plan to do quarterly member education and on top that we will give free access to financial literacy. We are partnering with reputable developers of affordable housing across the real estate industry by way of MOU to allow present a packaged solution that is practical, realistic and appealing to encourage uptake/ utilization of the facility. With planned activities around scheme sensitization we expect a paradigm shift and increased utilization

In summary we are confident that schemes is meeting primary benefits as below prescribe:

- Employer of choice
- Motivating Employees and rewarding staff loyalty.
- Attracting the best in the market
- Maintaining the company's key resource
- Reasonable cost and Risk
- Cautioning Employees from High Market rates which are currently at 14.25%

4. Statement of Performance against Predetermined Objectives

The main objective is to facilitate access to approved staff benefits.

Introduction

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

The key strategic objectives as per the strategic plan for FY 2020 - FY 2025 are to:

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 2022, a total of Kenya shillings one hundred twenty one million, thirty eight thousand, nine hundred and ninety two (Kshs.121,038,992) has been disbursed for the mortgage while Kenya shillings two million five hundred thousand (Kshs.2,500,000) for the car loan scheme bringing the total disbursements from the scheme since its operationalization to Kenya shillings one hundred twenty three million, five hundred thirty eight thousand nine hundred and ninety two (Kshs.123,538,992).

As at 30th June 2022, fifteen (15) applicants had benefited from the mortgage facility while two (2) applicants had benefited from the Car Loan Scheme. In terms of gender, eleven (11) females and four (4) males have benefited from the mortgage scheme while one (1) male and one (1) female have benefited from the car loan scheme.

5. Corporate Governance Statement

The Office of the Registrar of Political Parties (ORPP) draws its corporate status from Article 260 of the Constitution of Kenya and section 33 of the Political Parties Act (PPA), 2011 which establishes the ORPP. It is headed by the Registrar of Political Parties (RPP) who is the accounting officer and is deputized by three Assistant Registrars of Political Parties (ARPPs)— all of whom are state officers and complemented by competent staff for the proper functioning and effective discharge of its mandate. The current status includes the RPP and two ARPPs as appointed on 29th September 2020 through Kenya Gazette Vol.CXXII-No.183 Gazette Notice Numbers 8089 and 8090.

In its operations, ORPP adheres to the Constitution, the Political Parties Act with attendant subsidiary legislations, and other relevant laws as an embodiment of values and principles of public service. Further, as reflected in its organogram, ORRP has a workable structure that allows seamless reporting flow, inclusivity of all cadres of staff and clearly delineated tasks and responsibilities for each of its functional areas.

The ORPP Plenary comprises the RPP and the ARPPs with the Registrar as the Chairperson. The broad functions of the Plenary are to oversee the execution of the mandate of the Office, approve and provide policy and strategy directions of the Office in line with the statutory mandate; and approve, ratify resolutions/recommendations, and adopt reports/decisions made by the directorates and or management on policy issues as the case may require. Plenary holds two meetings per quarter unless intervening circumstances call for a special meeting as convened by the Registrar.

There exists a Management Committee comprising of the Registrar, Assistant Registrars and Heads of Departments in ORPP that reports to Plenary. It holds regular meetings at least once per month where resolutions are made. A conflict of interest register was maintained to which any member with conflicting affiliation in a matter(s) under discussion was obliged to record such. The Management also deliberated on multifold policy issues to chart strategic direction of the Office.

To enhance its Management capacity, the Office build capacity its capacity through short trainings on Management courses, risk management among other respective members' trainings as encapsulated in the ORPP training plan.

The roles of the Management Committee role are spelt out as follows;

- i. Provide strategic direction of the office
- ii. Provide policy direction, guidelines, reviews and approval of office internal policies
- iii. Receive, deliberate and approve recommendations from various committees
- iv. Approve the implementation of the budgets and operational plans;
- v. Manage and review operational and financial performance of the organization
- vi. Monitor the organization's performance and ensure sustainability
- vii. Enhance the corporate image of the organization
- viii. Ensure effective engagement with all the organization's stakeholders
- ix. Ensure adherence to government guidelines, policies and regulations

Considering that ORPP is a regulator of political parties, the Office is bestowed to oversee the country's political interests. This necessitates continual review of ORPP's governance structure, internal systems and operations to align to the emerging trends and stakeholder requirements. In such reviews, internal publics' are involved prior, during and at the implementation of system/process review that has yielded projected results in establishing and maintaining the ORPP overall control of financial, operational and government compliance requirements.

Cognizant of the necessity for organization's mutual engagement and feedback, the Office in the period under review, held engagement and constructive feedback fora further that played a pivotal role for informed governance decisions. Measures such as targeted awareness creation and access to information were too institutionalized and played a critical role towards capacitating the stakeholders particularly members of the public in engaging with ORPP.

Further, the Office continued to forge and sustain local and international strategic networks to share experiences and best practices for full realization of its mandate. The period under review, ORPP made imprint contribution to varied local and integration initiatives.

Such was done by way of making presentations; giving of keynote addresses; being part of key discussants and panelists; delegate participation; coordination and participation to various workshops and seminars among others.

In conclusion, the Office realized the Political Parties (Amendment) Act, 2022 and the Political Parties (Membership) Regulations, 2021.

The Office is subject to governance accountability requirements in line the Constitution. Audit and governance checks are undertaken by designated offices such as the Office of the Auditor General and relevant Committees of the National Assembly. The Office periodically reports for scrutiny in accordance with reporting requirements and within stipulated timelines. It is also required on need basis, to appear before various National Assembly's Committees to defend budgetary allocation, clarify on issues or present status reports/ positional papers for their consideration in furtherance of its mandate.

To respond to demands of governance in modern day, ORPP continued to explore ways of increasing its financial & human resource, shift of strategy and enhanced research for informed decision making. The Office continued to undertake such strategic reviews has led to repositioning of the Office as the model regulator in electoral management space nationally and regionally.

The Office appreciated the continued support and commitment received for the period from government and the responsible ministries and agencies that offered support, guidance and oversight to ORPP on varied aspects pertinent to robust governance manifestation. It the ORPP's governance commitment, ability and willingness to continue running its affairs within the confines of good governance practice.

6. Management Discussion and Analysis

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 that is affordable or buy a private car using a loan that is affordable. The loanee is insured with group life assurance and the property insured against fire to mitigate against any risk.

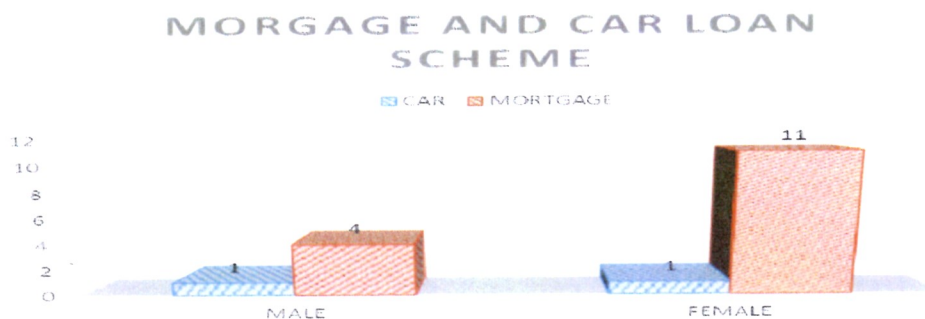
Since inception, the scheme has received from the National Treasury a total of Kenya shillings two hundred and twelve million, nine hundred and ninety nine thousand nine hundred thirty eight (Ksh.212,999,938), being house mortgage Kenya shillings one hundred eighty million eight hundred and ninety nine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

Cumulatively, from 2018 to 30th June 2022, a total of Kenya shillings one hundred twenty one million, thirty eight thousand, nine hundred and ninety two (Kshs.121,038,992) has been disbursed for the mortgage while Kenya shillings two million five hundred thousand (Kshs.2,500,000) for the car loan scheme bringing the total disbursements from the scheme since its operationalization to Kenya shillings one hundred twenty three million, five hundred thirty eight thousand nine hundred and ninety two (Kshs.123,538,992).

As at 30th June 2022, fifteen (15) applicants had benefited from the mortgage facility while two (2) applicants had benefited from the Car Loan Scheme. In terms of gender, eleven (11) females and four (4) males have benefited from the mortgage scheme while one (1) male and one (1) female have benefited from the car loan scheme.

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 2022

	MALE	FEMALE	
CAR	1	1	2
MORTGAGE	4	11	15



In regards to repayment, all the loans are performing.

The Staff Mortgage and Car Loan Scheme earned an interest income of Kenya shillings three million five hundred and eighty eight thousand and twenty two shillings cents forty (Kshs3,588,022.40) and Mortgage loan repayment during the year under review totalled to Kenya shillings twelve million nine hundred twenty seven thousand and twenty nine cents ninety (Ksh.12,927,029.90), while Car Loan earned interest income of one million, three hundred ten thousand, three hundred forty six (1,310,346.00) and Car Loan repayment during the year under review totalled to Kenya shillings three hundred and twenty five thousand one hundred forty nine cents seventy (325, 149. 70).

From the foregoing, it is clear that the fund is growing through the loan repayments and the interest earned by the unutilised balance in the account. As at the 30th June 2022, the Mortgage scheme bank balance stood at Kenya shillings one hundred and nine million, seven hundred and fifty seven thousand three hundred and thirty six cents ten (109,757,336.10), and the Car Loan Scheme had a bank balance Kenya shillings thirty six million, five thousand five hundred and seventeen (Ksh.36,005,517.15).

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. It is anticipated that in the subsequent financial years, there will be increased uptake because of improved 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.

7. Environmental and Sustainability reporting

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 as a means to; enhance corporate image and identity; enhance strategic stakeholder partnerships and engagement as well as act as 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 youth 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 hard copies documents, adopting soft copy use in creation and dissemination of documents 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 dispensers, reusable water bottles, reuse of packing envelopes. Additionally, the Office has digitized its processes including Human Resources Information system that cuts down on use of paper. These efforts contribute to conserving the environment.

The Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme
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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 Resources 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 benefit and cater for working needs of staff were maintained. This was in line with 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 a 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 maintains funds by means of voluntary contributions and subscriptions.

8. Forward by Attorney General

i. Introduction

Kenya is a multi-party democratic state in line with Article 4 of the Constitution. The Constitution guarantees political rights for the people of Kenya who are free to exercise their political and democratic rights through a free, fair and credible electoral process. In line with the national values and principles of governance, every person is equal before the law and has a right to make political choices, which include the right to belong and campaign for a political party of their choice as stipulated under Article 38 of the Constitution.

The Constitution under Articles 91 and 92 envisages well-governed and managed political parties as important governance institutions in the promotion of democracy. The Political Parties Act, 2011 (PPA) was enacted to operationalize these two Articles. The Act establishes the Office of the Registrar of Political Parties (ORPP) as an independent State Office within the meaning of Article 260 of the Constitution.

ii. Summary of Mortgage and Car loan Scheme

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 December 29th 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. Since its inception the office has received from the National Treasury a total of Kenya shilling a total of Kenya shillings two hundred and twelve million, nine hundred and ninety nine thousand nine hundred thirty eight (Ksh.212,999,938).

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 2022

As at 30th June, 2022 the office has disbursed Kenya shillings one hundred twenty one million, thirty eight thousand ,nine hundred and ninety two (Kshs.121,038,992) for the mortgage and Kenya shillings two million five hundred thousand (Kshs.2,500,000) for the car loan scheme bringing the total disbursements from the scheme since its inception to Kenya shillings one hundred twenty-three million five hundred thirty eight thousand, nine hundred ninety two (Kshs.123,538,992).

It is projected that the Scheme will be more active in the subsequent periods given that uptake of the facility has greatly improved and inpost members of staff is increasing following recruitment of additional staff.


Justice (RTD) Paul Kihara Kariuki, EGH
Attorney General

Date: 30th September
2022

9. Statement of Registrar'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, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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, 2022, 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 2022

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 30/06/ 2022.



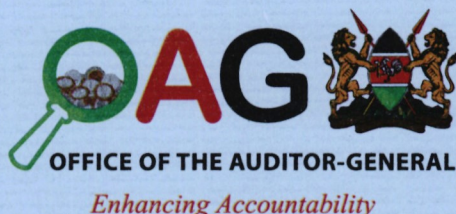
Ann N. Nderitu, CBS
Registrar of Political Parties



Douglas Wanzala
Principal Accountant
ICPAK M/No. 10692

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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, 2022

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 Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme set out on pages 1 to 15, which comprise

of the statement of financial position as at 30 June, 2022 and the statement of financial performance, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme as at 30 June, 2022, 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 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 the Registrar of Political Parties Staff Mortgage and Car Loan Scheme 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 Office of the Registrar of Political Parties Staff Mortgage and Car Loan 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 Scheme's financial reporting process, reviewing the effectiveness of how 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 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 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Scheme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 February, 2023

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 2022

2. Statement of Financial Performance for the year ended 30th June 2022.

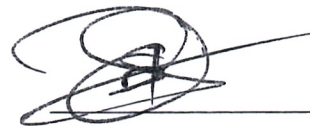
Description	Note	2021/22	2020/21 Restated
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from Registrar of Political Parties - Recurrent	6	-	10,875,000
		-	10,875,000
Revenue from exchange transactions			
Interest income	7	4,898,369	5,711,083
Total revenue		4,898,369	16,586,083
Expenses			
Finance costs		-	-
Total expenses		-	-
Surplus/Deficit after Tax		4,898,369	16,586,083

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

The financial statements were approved on 30/06/22 by:



Ann N. Nderitu, CBS
Registrar of Political Parties



Douglas Wanzala
Principal Accountant
ICPAK M/No. 10692

3. Statement of Financial Position as at 30th June 2022

Description	Note	2021/22	2020/21
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	8	145,519,405	130,140,198
Total Current Assets		145,519,405	130,140,198
Non-current assets			
Receivables from exchange transactions	9	91,124,706	101,605,544
		-	101,605,544
Total assets		236,644,111	231,745,742
Liabilities			
Trade and other payables		-	-
Total liabilities		-	-
Net assets		236,644,111	231,745,742
Car loan revolving fund		34,327,989	34,327,989
Mortgage revolving fund		180,831,670	180,831,670
Accumulated surplus		21,484,451	16,586,083
Total net assets and liabilities		236,644,111	231,745,742

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 30/06/2022 and signed by:



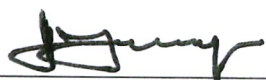
Ann N. Nderitu, CBS
Registrar of Political Parties



Douglas Wanzala
Principal Accountant
ICPAK M/No. 10692

4. Statement of Changes in Net Assets for the year ended 30th June 2022

Description	Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Balance as at 1 July 2020	180,831,670	34,327,989		215,159,659
Surplus/(deficit) for the period	-	-	16,586,082	16,586,082
Funds received during the year	-	-	-	-
Transfers	-	-	-	-
As at 30 June 2021	180,831,670	34,327,989	16,586,082	231,745,741
Balance as at 1 July 2021	180,831,670	34,327,989	16,586,082	231,745,741
Surplus/(deficit) for the period	-	-	4,898,,369	4,898,,369
Funds received during the year	-	-	-	-
Transfers	-	-	-	-
As at 30 June 2022	180,831,670	34,327,989	21,484,451	236,644,110



Ann N. Nderitu, CBS
 Registrar of Political Parties



Douglas Wanzala
 Principal Accountant
 ICPAK M/No. 10692

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

Description	Note	2021/22 Kshs.	2020/21 Kshs.
Cash flows from operating activities			
Receipts			
Surplus for the year		4,898,369	16,586,083
Total receipts		4,898,369	16,586,083
Cash flow from operating activities			
Car loan advanced		(1,000,000)	-
Mortgage loan advanced		(1,771,342)	(51,204,649)
Car loan repayment		324,781	302,443
Mortgage loan repayment		12,927,031	12,660,873
Net cash flow from operating activities	10	15,378,839	(21,655,250)
Cash flows from investing activities			
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		15,378,839	(21,655,250)
Cash and cash equivalents at 1 July 2021		130,140,198	151,795,448
Cash and cash equivalents at 30 June 2022	8	145,519,037	130,140,198



Ann N. Nderitu, CBS
Registrar of Political Parties



Douglas Wanzala
Principal Accountant
ICPAK M/No. 10692

The Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme
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6. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2022

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	-	-	-	4,898,369	-	-
Other income	-	-	-	-	-	-
Total Revenue	-	-	-	4,898,369	-	-
Expenses						
Finance cost	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-
Surplus for the period	-	-	-	4,898,369		



Ann N. Nderitu, CBS
Registrar of Political Parties



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).*

7. 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. Budget information

The original budget for FY 2021/22 was approved on xxx (Date). Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

Accordingly, the Fund recorded additional appropriations of xxx (Amount) on xxx (Date) of the FY 20xx-1/20xx budget following the governing body's approval.

The Fund's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also 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 section xxx of these financial statements.

c. 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.

d. 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*).

e. 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.

f. 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.

g. 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.

h. Comparative figures

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

i. Events after the reporting period

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

j. 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.

k. 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	2021/22	2020/21 Restated
	Kshs.	Kshs.
Transfers from the office of the Registrar of Political parties – Recurrent Account	-	10,875,000
Total	-	10,875,000

7. Interest income

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest Income From Mortgage Loans	3,588,023	4,270,184
Interest Income From Car Loans	1,310,345	1,440,899
Total Interest Income	4,898,368	5,711,083

8. a) Cash and cash equivalents

Description	2021/22	2020/21
	Kshs.	Kshs.
Fixed Deposits Account	145,519,037	130,140,198
Total Cash and Cash equivalents	145,519,037	130,140,198

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	2021/22 Kshs.	2020/21 Kshs.
Mortgage and Car Loan Fund			
Housing Finance Corporation	2327693401 / 2327693401	145,519,037	130,140,198
Sub- Total		145,519,037	130,140,198

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 2022

(Provide the average effective interest rate to the fixed deposit as at the time of investment in respect of the period).

9. Receivables from exchange transactions

Description	2021/22	2020/21
	Kshs.	Kshs.
Balance B/f	101,605,544	63,364,211
Mortgage and car loan loans disbursed	2,771,342	51,204,649
Mortgage and car loan loans repayment	(13,252,179)	(12,963,316)
Balance C/f	91,124,707	101,605,544

10. Net cash flows from operating activities

	2021/22	2020/21
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	4,898,368	16,586,083
Adjusted for:		
Working capital adjustments		
Car loan advanced	(1,000,000)	-
Mortgage loan advanced	(1,771,342)	(51,204,649)
Car loan repayment	324,781	302,443
Mortgage loan repayment	12,927,031	12,660,873
Net cash flow from operating activities	15,378,839	(21,655,250)

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 Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2022

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 2022	
Bank Balances	145,762,853
Total	145,762,853
At 30 June 2021	
Bank Balances	130,140,197
Total	130,140,197

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from xxx.

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	2021/22	2020/21
	Kshs.	Kshs.
Revolving fund	145,519,037	35,126,572
Total funds	145,519,037	35,126,572
Less: cash and bank balances	145,519,037	35,126,572
Net debt/(excess cash and cash equivalents)	-	-
Gearing	100%	100%

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