

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	09 APR 2025 <i>Wednesday</i>
TABLED BY:	<i>Hon. Naomi Wazir MP Deputy Majority Party Whip</i>
CLERK-AT-THE-TABLE:	<i>Halima Ahmed</i>

THE AUDITOR-GENERAL

ON

**ENERGY AND PETROLEUM REGULATORY
AUTHORITY STAFF MORTGAGE AND CAR
LOAN SCHEME**

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



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**ENERGY AND PETROLEUM REGULATORY AUTHORITY STAFF
MORTGAGE AND CAR LOAN SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024**

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

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

Table of Contents	Page
1. Abbreviations, Acronyms and Definition of Key Terms	ii
2. Key Scheme information and management.....	iii
3. Board Members	viii
4. Management Team	xvii
5. Chairman’s Report.....	xx
6. Report of the Director General.....	xxii
7. Statement of Performance Against Predetermined Objectives	xxiv
8. Corporate Governance Statement	xxv
9. Management Discussion and Analysis.....	xxxiii
10. Environmental and Sustainability Reporting	xxxvi
11. Report of Board	xxxvii
12. Statement of Management’s Responsibilities	xxxviii
13. Report of the Independent Auditor for the Financial Statements of the Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme.....	xl
14. Statement of Financial Performance for the year ended 30th June 2024.	1
15. Statement of Financial Position as at 30th June 2024	2
16. Statement of Changes in Net Assets for the year ended 30th June 2024	4
17. Statement of Cash Flows for the year ended 30th June 2024.....	5
18. Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 2024	6
19. Notes to the Financial Statements	7
20. Annexes	27

1. Abbreviations, Acronyms and Definition of Key Terms

A. Acronyms

BETA	Bottom Up Economic Transformation Agenda
CSR	Corporate Social Responsibility
EPRA	Energy & Petroleum Regulatory Authority
IPSAS	International Public Sector Accounting Standards
KCB	KCB Bank
KFS	Kenya Forestry Services
OSHA	Occupational Safety and Health Act
PFM	Public Finance Management
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporation
SCAC	State Corporation Advisory Committee
SMCAC	Staff Mortgage and Car Loan Advisory Committee

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Scheme information and management

a) Background information

Energy and Petroleum Regulatory Authority (EPRA) Staff Mortgage and Car Loan Scheme is established by the Energy and Petroleum Regulatory Authority (EPRA) which derives its authority and accountability from the Energy Act, 2019. The Scheme was established on 29th May 2014 pursuant to the Salaries and Remuneration Commission Circulars references SRC/ADM/CIR/1/13 Vol.III (128) of 17th December 2014, SRC/ADM/CIR/1/13 Vol.III (130) of 29th January 2015 and SRC/ADM/CIR/1/13 Vol.III (142) of 25th August 2015. The Scheme is wholly owned by the EPRA and is domiciled in Kenya.

b) Principal Activities

The EPRA is the energy sector regulatory agency responsible for economic and technical regulation of electric power, coal, renewable energy and petroleum subsectors.

The EPRA has established the staff Mortgage and Car Loan Scheme as an employee incentive and motivation to enable employees purchase and own houses and cars.

The principal objective of the scheme is to provide low interest mortgage and car loan facilities to the employees of the EPRA.

The Public Sector Accounting Standards Board requires preparation of separate Financial Statements for the Scheme independent of the Financial Statements for the Authority. These financial statements have been prepared in this premise. The EPRA Staff Mortgage and Car Loan Scheme is not an independent body; neither is it a registered entity. The Mortgage and Car Loan Scheme is considered as one of the employment benefits extended to the EPRA's employees.

The financial management of the Scheme and Corporate Governance complies with the corporate governance structure of the EPRA. For the purpose of the Scheme and this report, the Board of the EPRA provides oversight for the administration of the Scheme and undertakes the role of the Board of Trustees. Management of the Authority is in charge of the day to day

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

management of the Scheme under the Leadership of the Director General who acts as the Scheme Administrator. The Deputy Director, Finance and Accounts acts as the Scheme Accountant. The Mortgage and Car Loan Advisory Committee is a management Committee appointed by the Director General to oversee the operations of the Scheme.

Board Finance and Administration Committee is chaired by an independent Board members and meets at least once on quarterly basis. The members are Ms. Jennipher Nawoi(Chairperson), Mr. Albert Mwendwa, Mr. Barnabus Ng'eno, Mr. Abdulkarim Mohamed and the Director General. The Committee's responsibilities are to ensure the Scheme has sound financial reporting, internal system controls and is properly administration.

Board Audit & Risk Committee is chaired by an independent Director and the members are independent Directors. The members are Mr. Diba Daudi (Chairman), Ms. Jane Cheptoo Masai, Mr. Anthony Gachau Mbuthia, and Mr. Gabriel Katumu. The purpose of the Committee is to assist the board in their oversight responsibilities.

The Scheme administration has been delegated to the KCB Bank by the Management of the EPRA which is charged with the role of processing loans for applicants in accordance with laid down approved regulations. Management of the EPRA is responsible for setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Scheme.

KCB Bank is charged with the delegated role for the day-to-day operations of the Scheme while the ultimate authority and responsibility for the Scheme rests with the management of EPRA.

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**

c) Board Members

Ref	Position	Name	Changes
1	Chairman	Hon.Prof Justice Jackton Boma Ojwang	
2	PS, State Department for Energy, Member	Mr. Alex Wachira, BSCN	
3	PS, State Department for Petroleum, Member	Mr. Mohamed Liban	
4	Alternate to PS, State Department for Energy	Mr. Masini Ichwara	Retired, 24 th April 2024
5	Alternate to PS, National Treasury	Mr. Albert Mwenda	
6	Alternate to PS, State Department for Petroleum	Mr. Abdulkarim Mohamed	
7	Alternate to PS, State Department for Energy	Mr. Gabriel Kitumu	Appointed, 25 th April 2024
8	Representative CoG, Member	Mr. Barnabas Ngeno	Retired, 12 th June 2024
9	Member	Eng. Mercy Wambugu	Retired, 8 th September 2023
10	Member	Mr. Daniel Ndonge	Retired, 8 th September 2023
11	Member	Mr. Moses Mutuli	Retired, 8 th September 2023
12	Member	Mr. George Mwakule	Retired, 8 th September 2023
13	Member	Ms. Caroline Githii	Retired, 8 th September 2023
14	Member	Mr. Abraham Kipkoech Kiprutto	Retired, 22 nd February 2024
	Member	Mr. Diba Daudi Huka	Appointed, 8 th September 2023
15	Member	Mr. Antony Gachau Mbuthia	Appointed, 8 th September 2023
16	Member	Ms. Jennifer Nawoi Lang'or	Appointed, 8 th September 2023
17	Member	Ms. Jane Cheptoo Masai	Appointed, 13 th October 2023
18	Director General	Mr. Daniel Kiptoo Bargoria	
19	Corporation Secretary and Director, Legal Services	Ms. Mueni Mutunga	Retired, 14 th November 2023
15	Ag. Corporation Secretary and Director, Legal Services	Mr. Robert Mahenia	Appointed, 15 th November 2023

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**

d) Key Management

Ref	Position	Name	Changes
1	Director General	Mr. Daniel Kiptoo Bargoria	
2	Corporation Secretary & Director Legal Services	Ms. Mueni Mutunga	Retired, 14 th November 2023
3	Ag. Corporation Secretary & Director, Legal Services	Mr. Robert Mahenia	Appointed, 15 th November 2023
4	Director, Petroleum & Gas	Eng. Edward Kinyua	
5	Director, Electricity & Renewable Energy	Dr. Eng. Joseph Oketch	
6	Ag. Director, Public Education, Advocacy & Consumer Protection	Major (Rtd) Augustine Ouma	Appointed, 5 th February 2024
7	Director, Corporate Services	Mr. Marona Cheplel	Appointed, 15 th September 2023
8	Director, Economic Regulation & Strategy	Dr. John Mutua	
9	Director, Internal Audit & Risk Assurance	Ms. Everlyne Orenge	Appointed, 1 st September 2023
10	Deputy Director, Supply Chain Management	Ms. Loise Thuge	

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Board Finance and Administration Committee	1. Ms. Jenifer Nawoi (Chairperson) 2. Mr. Albert Mwenda 3. Mr. Barnabas Ngeno 4. Mr. Abdulkarim Mohamed 5. Director General
2	Board Audit & Risk Committee	1. Mr. Diba Daudi (Chairman) 2. Mr. Anthony Gachau 3. Ms. Jane Cheptoo Masai 4. Mr. Gabriel Kitumu
3	Directorate of Internal Audit & Risk Assurance	Ms. Everlyne Orenge
4	Staff Mortgage and Car Loan Advisory Committee	Mr. Marona Cheplel – Chairman Ms. Loise Thuge Mr. Beth Mburai Ms. Eunice Ayodo - Secretary Mr. James Ochieng Eng. Jonathan Ronoh Mr. Duncan Ndegwa Ms. Bessie Atieno

f) Registered Offices

P.O. Box 42681-00100
Eagle Africa Centre
Longonot Road
Nairobi, Kenya

g) Scheme Contacts

Telephone: (254) 20 2847000

E-mail: info@epra.ho.ke

Website: www.epra.goke

h) Scheme Bankers

KCB Bank

Moi Avenue Branch

PO Box 48400 – 00100

Nairobi, Kenya

i) Independent Auditor

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice



Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

3. Board Members

	<p>Hon. Justice. Prof. Jackton B. Ojwang, was appointed Chairman of EPRA’s Board of Directors for a four-year term with effect from 12th May 2020. Prof. Ojwang is a retired judge of the Supreme Court of Kenya with a span of 45 years’ experience in the legal profession.</p> <p>Prof. Ojwang has had an illustrious 17-year career in the Judiciary after having been first appointed a high court Judge in 2003 and then elevated to the Supreme Court in 2011 as one of the key seven Judges of the newly created apex court.</p> <p>He holds Bachelor’s and Master’s degrees in Law from the University of Nairobi and a PhD in Comparative Constitutional Law from Downing College, Cambridge. In 2015, he earned a Doctor of Laws degree (LLD) from the University of Nairobi making him the first sitting judge to receive the Degree. He is an accomplished scholar and who has authored numerous academic papers and other scholarly works. He has also taught at reputable universities around the world including the University of Nairobi where he served for 27 years. He has also been a visiting Associate Professor of Law at the J. Reuben Clark Brigham Young University Law School in the United States.</p> <p>Prof. Ojwang was awarded the University of Nairobi’s Staff Merit Award in recognition of his outstanding contribution towards the University’s mission. He was also bestowed the coveted East African Law Society Senior Lawyer of Year Award in 2013 for his remarkable legal and judicial career. Up to February 2020, he sat on the Council of Legal Education Board where he chairs the Quality Assurance & Compliance Committee.</p> <p>Date of Birth: 10th February, 1950</p>
	<p>Mr. Alex Wachira was appointed the Principal Secretary, Ministry of Energy & Petroleum, State Department of Energy in December 2022. He holds a Bachelor of Science degree in Nursing from the University of Nairobi and is currently pursuing a Master of Arts degree in Leadership at Pan African Christian University. He has a wealth of experience from the private sector where he worked as an investment banker. He previously worked with Faida Investment Bank where he traded and structured treasury bonds and corporate bonds at the Nairobi Securities Exchange. He has also worked with Dyer & Blair Investment Bank and Genghis Capital limited. Mr. Wachira was a founding member of the Bonds Market Association as well as a member of the Steering Committee of the Kenya Association of Stock Brokers and Investment Bankers. He has spearheaded community initiatives such as youth mentorship programme and sports tournaments among other similar projects.</p> <p>Date of Birth: 12th January 1982</p>

Hon. Prof. Jackton Boma Ojwang
Board Chairman

Mr. Alex Wachira, BSCN
Principal Secretary, State Department for Energy

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**



Mr. Mohamed Liban
Principal Secretary, State Department for Petroleum

Mr. Mohamed Liban is the Principal Secretary for the State Department for Petroleum having been appointed to the position in December, 2022. Prior to the appointment, he was the Chairman of the Ewaso Ng'iro North Development Authority, a position he held from 2019.

Mr. Liban has a wealth of leadership capabilities having served as Regional Elections Coordinator under the Independent Electoral and Boundaries Commission from 2009 - 2017. Other positions held include Regional Health Manager with the Kenya Red Cross Society and Deputy Chief Clinical Officer at the Ministry of Health.

Among other qualifications, Mr. Liban holds a Masters of Public Health and Epidemiology from Kenyatta University, Higher National Diploma in Cataract Surgery from the Kenya Medical Training College (KMTTC), International Diploma in Community Eye Health from London University and, Higher National Diploma in Ophthalmology from KMTTC. He has also attended several Human Resource Management courses. The PS is a Life Member of the Kenya Society for the Blind and Kenya Red Cross Society.

Date of Birth: 2nd June 1961



Mr. Albert Mwenda
Alternate to PS, National Treasury




Mr. Albert Mwenda is the Director General, Budget, Fiscal and Economic Affairs. He holds a Master's degree in Public and Economic Policy from the London School of Economics and Political Science (LSE), UK as well as a Masters of Business Administration (Finance) from the University of Nairobi (UON). He also holds a Bachelor of Arts degree in Economics from the University of Nairobi (UON).

He has over 20 years of experience in central government and private sector organizations. Albert was appointed as an Advisor to the National Treasury of the Government of Kenya in 2011. In this capacity, he advised the National Treasury on public finance management reforms as well as fiscal decentralization.

Prior to his current appointment he served as the Director of the Intergovernmental Fiscal Relations Department of the National Treasury which he helped to establish. He has made significant contributions in the recent development of Kenya's policy and legislative framework for public finance management, including the management of fiscal relations between the two levels of government. He was appointed Board member of the Authority on 10th August, 2020.

Date of Birth: 10th May 1971

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**

 <p>Mr. Abdulkarim Mohamed Alternate to PS, State Department for Petroleum</p>	<p>Abdulkarim Mohamed is an accomplished professional with a diverse and extensive background in Public Administration. He holds a BA from Kenyatta University and a Post Graduate Diploma in Public Administration. Abdulkarim has held significant roles in various ministries, showcasing his expertise and adaptability.</p> <p>His is currently serving as the Deputy Head of Administration in the State Department for Petroleum. His previous roles span across key ministries, including Petroleum and Mining, Industry, Trade, Cooperatives, East African Affairs, Commerce, Tourism, and Education, reflecting a broad and comprehensive understanding of different governmental sectors.</p> <p>Date of Birth:1st June 1972</p>
 <p>Mr. Barnabus Ngeno Representative Council of Governors.</p>	<p>Hon. Barnabas Ngeno has vast experience in housing, lands and urban governance. Hon. Ngeno also serves as the National Program Technical Committee Co- Chair for of Kenya Urban Support Program (KUSP), and is a member of the program's National Steering Committee. KUSP is a \$300 Million World Bank fund that supports infrastructural development in 45 counties.</p> <p>Hon. Ngeno has led the sector technical team during a critical moment of transition into the new constitutional dispensation. His team has overseen the successful development of the policy, legislative and regulatory framework that currently governs the expansive sector.</p> <p>Hon. Barnabas Ngeno is the Council of Governors' representative in the board. He has a Bachelor's Degree in Business Management from Moi University, and is an MBA Finalist at Kenyatta University. He is the inaugural Chairperson and founder of the Institute of Corporate Governance.</p> <p>Date of Birth: 10th May 1982 Retired:12th June 2024</p>
 <p>Mr. Masini J. Ichwara Alternate to PS, State Department for Energy</p>	<p>Mr. Masini J. Ichwara is currently the Director of Planning in the Central Planning and Programme Monitoring Unit at the Ministry of Energy. He previously served at the same level at the Ministry of Industrialization, Trade and Enterprise Development, State Department for Industrialization.</p> <p>Mr. Ichwara has comprehensive national and international development level experience spanning over 25 years having worked for UNDP-Somalia as a Research Officer, UNDP-Kenya as a Monitoring and Evaluation Specialist and as a consultant for UNFPA, UNICEF and UN Women. He previously worked for the Kenya National Bureau of Statistics and the Monitoring and Evaluation Directorate at National Treasury and Planning.</p> <p>Date of Birth: 12th March, 1969 Retired:24th April 2024</p>

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**



Eng. Mercy Wambugu
Board Member

Eng. Wambugu is an Independent Consultant with a special interest in the oil and energy sector. She is passionate about helping organizations achieve operational excellence through professional advice and hands-on support, working mostly in association with other consultants (2013 to-date). Her clients include both public and private organizations with an interest in the oil sector.

Eng. Wambugu has extensive experience in the corporate world including a 27-year career-span with the Shell Group (1986-2013) with core competences in petroleum downstream operations as well as generic management functions such as leading/managing teams, budgeting/financial management and project/change management. In her last role with Shell, she worked as a member of the project team that managed Shell's divestment from its downstream business in Africa and transition to Vivo Energy BV. Prior to that she worked as the oil terminal operations advisor for Africa and held various operational roles within the Kenya Shell. Earlier in her career, she handled public sector engineering projects under the Ministry of Public Works (1983-1986).

Date of Birth: 27th May 1961
Retired: 8th September 2023



Mr. Daniel Ndonge
Board Member

Mr. Daniel Ndonge is a chartered accountant by profession, having worked with Deloitte & Touche for over 30 years, 20 of which he was the Managing/Senior Partner. He holds a Bachelor of Commerce degree from the University of Nairobi.

He is a fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Certified Public Accountants of Kenya and the Institute of Certified Secretaries of Kenya. He sits on the boards of several companies, two (2) of which are listed on the Nairobi Securities Exchange.

Date of Birth: 24th August 1949
Retired: 8th September 2023





Mr. Moses Mutuli
Board Member

Mr. Mutuli is currently the General Manager, Life Insurance East Africa, for Sanlam Pan Africa. For his role, he serves in the Boards of Sanlam in Uganda, Tanzania, Rwanda and Burundi and in addition is a Director at Hubris Holdings Ltd in Kenya. Moses is a qualified actuary and is a Fellow of the Institute of Actuaries UK (FIA) and Fellow of The Actuarial Society of Kenya – TASK (FeASK). He is the immediate past chairman of TASK. He has over 18yrs experience in insurance and actuarial consulting gained in UK, SA and Kenya. He is a Rhodes Scholar and holds an MBA and MSc in Applied Statistics both gained from University of Oxford (UK) and BSc Mathematics from University of Nairobi.

Date of Birth: 2nd April 1977
Retired: 8th September 2023

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**

 <p>Mr. George Mwakule Board Member</p>	<p>Mr. George Mwakule is an Information Technology professional with vast experience in the corporate world including 21 years with Coca-Cola in Africa, Middle East and Turkey. He managed multi-country infrastructure services delivery, led information technology projects and systems integration within The Coca-Cola Company and its franchise bottling partners. His early corporate career was at Barclays Bank of Kenya where he led transformative technology projects in data centers, cheque processing and office automation. He also worked at Kenya Posts & Telecommunication Corporation as an Executive Engineer and implemented several telephone and data transmission systems. He holds a Bachelor of Science Degree in Electrical Engineering from the University of Nairobi.</p> <p>Date of Birth: 9th April 1963 Retired: 8th September 2023</p>
 <p>Ms. Caroline Gathii Board Member</p>	<p>Ms. Gathii is a governance, trade and risk experts with over twenty (20) years of multi-sectoral and regional experience in governance, risk and financial management. She commenced her career at PwC, before moving to KPMG East Africa and later to the European Union. She currently manages a risk advisory company, FirstIdea Consulting (FIC) Limited.</p> <p>Her expertise has seen her serve as a board member at Faulu Bank, Africa Economic Research Consortium (AERC) and Wetlands International Board. She also serves as a board advisor and the immediate Past President of Organization of Women in International Trade (OWIT) Kenya and the Advisor of OWIT African Countries.</p> <p>Ms. Gathii holds a Master's degree in Financial Management and a Bachelor of Science in Accounting. She also holds an International Professional Diploma and Certificate in Enterprise Risk Management (ERM) from the Institute of Risk Management (IRM), United Kingdom. She is a Certified Public Accountant (CPA-K) and holds a Higher Diploma in Human Resource Management (HRM).</p> <p>Date of Birth: 18th November, 1974 Retired: 8th September 2023</p>

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**



Mr. Diba Daudi Huka
Board Member

Mr. Diba Daudi Huka is a result driven business management leader with over 25 years of experience in the banking and finance sector with a proven ability to drive business growth and capture untapped opportunities through energizing teams to jointly deliver results beyond expectations.

Mr. Huka is an expert at assessing the creditworthiness of customers, negotiating deals and terms, minimizing debt losses, increasing sales, investigating credit applications, analysing and averting risks, managing corporate financing programs, and maintaining the corporate credit policies. Further, he's experienced in building lasting and mutually beneficial banking relationships with corporates, small and medium enterprises and private banking clients.

Date of Birth: 1st January, 1965
Appointed: 8th September 2023



Mr. Antony Gachau Mbutia
Board Member

Mr. Antony Gachau Mbutia joins the Authority as an accomplished executive and initiative-driven leader with a career spanning of over 12 years, excelling in overseeing the day-to-day operations as well as overall management and provision of strategic leadership to the company. I have a proven track record of performance turnaround and effective management of personnel whilst utilizing keen analysis and effective team motivation and Management to ensure organizational improvements and implementation of best practices.

Mr. Mbutia is proficient at comprehensive review and analysis of business policies and procedures as well as developing and implementing strategies and solutions that achieve consensus among key stakeholders across organizations through effective communication and management skills,

He has wide experience leveraged from his expertise in leadership, strategic management, operation management, training and mentorship, overall coordination of the company's activities, and ensuring the company operates within the legal framework. Being a great communicator who values work ethic and integrity.

Date of Birth: 12th September, 1985
Appointed: 8th September 2023

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**

 <p>Mr. Abraham Kipkoech Kiprutto Board Member</p>	<p>Mr. Abraham Kipkoech Kiprutto is a seasoned career Banker with huge experience in Government, Corporate and MSME management. Mr. Kiprutto has strong strategic leadership skills having managed large diverse teams and businesses with excellent performance.</p> <p>He has worked at the Kenya Commercial Bank and rose through the ranks to Senior Management from February 1996 to December 2017</p> <p>Date of Birth: 24th December 1979</p> <p>Appointed: 8th September 2023 Retired: 22nd February 2024</p>
 <p>Ms. Jennifer Nawoi Lang'or Board Member</p>	<p>Ms. Jennipher Nawoi Long'or is currently the CEO/Programme Coordinator for USAID Uboru Mashinani programme, Turkana Development Trust. She is a former County Executive Finance and Economic Planning in Turkana County; a fully qualified, results driven professional with demonstrable experience in successfully managing teams and monitoring all organization financial operations. She holds a Bachelors' degree in Commerce (Finance major) from Kenyatta University; Nairobi-Kenya and a Master of Science degree in Energy Studies with Specialization in Energy Finance from University of Dundee, Scotland, United Kingdom.</p> <p>Ms. Long'or has over fifteen (15) years' work experience in Public, corporate and Non-Governmental Organizations in areas Public Sector Management, Policy formulation, Accounting and Financial Management and experience in streamlining robust tools, strategies, and financial systems in humanitarian emergency responses.</p> <p>Date of Birth: 2nd December, 1980 Appointed: 8th September 2023</p>
 <p>Ms. Jane Cheptoo Masai Board Member</p>	<p>Ms. Jane Cheptoo Masai is a seasoned legal professional with a dynamic presence across prominent legal associations. With 12 years of practice as an Advocate of the High Court of Kenya, she boasts a wealth of experience and expertise. Her affiliations include memberships in the Law Society of Kenya, the Federation of Women Lawyers, the East Africa Law Society, and the Commonwealth Lawyers Association.</p> <p>Her academic journey includes a Bachelor of Laws Degree (LLB) from Moi University and further honing her skills at the Kenya School of Law with a Diploma in Law through the Advocates Training Programme. Jane embodies a commitment to the legal field and a dedication to professional growth and service within the Kenyan legal landscape</p> <p>17th August 1985 Appointed: 13th October 2023</p>

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**



Mr. Daniel Kiptoo
Director General

Mr. Daniel Kiptoo is a consummate energy professional, he is a lawyer by training but an energy specialist by trade. He has vast experience in the electricity and petroleum sub sectors with a specific focus in policy formulation, legislative drafting, regulation, negotiation, and structured financing.

He is currently the Director General of the Energy and Petroleum Regulatory Authority (EPRA) in Kenya, the Authority is the body mandated with the technical and economic regulation of the electricity and petroleum sectors in the Republic of Kenya. In his current role, which commenced on the 14th of December 2020, he regulates the entire value chain in electricity, from generation, transmission, distribution and retail as well as upstream, midstream and downstream in petroleum.

Previously, he served as the legal advisor in the Ministry of Energy and Petroleum. At the Ministry, he was the Chairman of **the Government's First Oil Committee charged with delivery of first oil for Kenya**. He also represented Kenya in several Investor-State Arbitrations and was a member of two task forces on Independent Power Producers (IPPs). Prior to his role as legal advisor, he worked in the private sector with an Africa centric oil & gas risk consultancy as the oil & gas legal affairs director and with the Energy Regulatory Commission (ERC) in the Legal department. He is one of the drafters of the Kenyan Energy Act (2019) and Petroleum Act (2019).



He holds Master of Business Administration (MBA) degree in Energy & Sustainability from the University of Cumbria and a Master of Laws (LLM) in Petroleum Law and Policy from University of Dundee, both in the United Kingdom, a bachelor's degree in law (LLB) from the University of Nairobi and a Post Graduate Diploma (Dip.) from the Kenya School of Law. Mr. Kiptoo is a Harvard Senior Executive Fellow (SEF) and he holds two executive certificates, one in public policy and another in economic development, both from the Harvard Kennedy School of Government. He is currently pursuing a PhD from the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP) at the University of Dundee.

With respect to professional associations, in addition to being a member of the law society of Kenya in good standing having been called to the bar to as an Advocate of the High Court of Kenya, he is a corporate governance practitioner being a qualified Certified Secretary (CS) and is also a member of the Association of International Energy Negotiators (AIEN), a global body of international energy negotiators.

Mr. Kiptoo has been awarded the Order of the Grand Warrior by the President of the Republic of Kenya. The Order of the Grand Warrior (OGW) is an award presented to individuals in recognition of an outstanding service rendered to the Country.


Date of Birth: 17th February, 1984

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**

 <p>Ms. Mueni Mutunga Board Secretary</p>	<p>Ms. Mutunga holds a Master’s in Business Administration and a Bachelor of Laws degree both from the university of Nairobi, and a diploma in legal practice from the Kenya School of Law. She is an advocate of the High Court of Kenya, a member of the Institute of Directors, the Institute of Certified Secretaries of Kenya and Chartered Institute of Arbitrators. She has also trained extensively in Good Corporate Governance.</p> <p>She started her career as an advocate and worked as an associate with the law firm of Robson Harris & Co advocates. She later moved to Total Kenya Ltd where she worked as a legal officer. Thereafter she worked as the Corporation Secretary and Head of Legal services at Kenya Wildlife Service prior to taking up her current appointment as the Board Secretary and Director Legal Services.</p> <p>Date of Birth: 28th February, 1964 Retired:14th November 2023</p>
 <p>Mr. Robert Mahenia Ag. Corporation Secretary and Director, Legal Services</p>	<p>Mr. Robert Mahenia is currently the Ag. Corporation Secretary and Director, Legal Services at the Authority. Robert holds LLM in Energy Law (Petroleum & Policy) from University of Dundee-UK, Post Graduate Diploma in Law (Kenya School of Law), and LLB from the University of Nairobi. He is a member of the Law Society of Kenya (LSK), East African Law Society (EALS), and Institute of Certified Secretaries-Kenya (ICS).</p> <p>Robert started his career as legal assistant at Ombonya & Co. Advocates and International Commission of Jurists and worked as a litigation advocate at Kimani Michuki & Co. Advocates. He later moved to Kenya Power & Lighting Company where he worked as Senior Legal Officer – (Commercial & Regulatory). Thereafter he worked as the Deputy Director, legal affairs at the Authority prior to taking up his current appointment as the Ag. Board Secretary and Director Legal Services.</p> <p>Additionally, Robert has been a member of several committees formed by the Ministry of Energy to formulate laws and regulations on the energy sectors for purposes of implementation of Kenya’s Constitution of 2010. He was a member of the Energy Committee that formulated and drafted Kenya’s Energy Act 2019 and Petroleum Act 2019. Further, Robert coordinated the formulation of mini/off grid Guidelines/regulations intended to govern generation and distribution in off grid rural population.</p> <p>Date of Birth: 28th February, 1978 Appointed: 15th November 2023</p>

*Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024*

4. Management Team

 <p>Mr. Daniel Kiptoo Bargoria</p>	<p>Director General: Board Member and Chief Executive Officer of the Authority.</p>
 <p>Dr. John Mutua PhD (Economics)</p>	<p>Director, Economic Regulation and Strategy: Heading the Economic Regulation function of the Authority.</p>
 <p>Ms. Mueni Mutung'a MBA, LL. B (Hons), CPS (K), Dip. Law (KSL)</p>	<p>Corporation Secretary & Director Legal Services: Secretary to the Board and Head of the Legal function of the Authority.</p> <p>Retired: 14th November 2023</p>
 <p>Mr. Robert Mahenia LLM, LL. B (Hons), CPS (K), Dip. Law (KSL)</p>	<p>Ag. Corporation Secretary & Director, Legal Services: Acting Secretary to the Board and Head of the Legal function of the Authority.</p> <p>Appointed: 15th November 2023</p>

*Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024*

	<p>Director, Electricity & Renewable Energy: Heading the Electricity & Renewable Energy subsector regulation function of the Authority.</p>
<p>Dr. Eng. Joseph Oketch MBA, BSc (Elec. Eng.), C. Eng., MIEK, PhD.</p>	
	<p>Director Petroleum & Gas: Heading the Upstream and Downstream Petroleum & Gas Regulation function of the Authority.</p>
<p>Eng. Edward Kinyua Msc (Energy Management), B.Tech (Mech. & Prod. Eng)</p>	
	<p>Ag. Director, Public Education, Advocacy & Consumer Protection: Heading the Public Education, Advocacy & Consumer Protection function of the Authority.</p>
<p>Major (Rtd). Augustine Ouma MPP, Msc Governance and Security, Bsc Military Science, CSMP®</p>	<p>Appointed:5th February 2024</p>
	<p>Director, Corporate Services: Heading the Corporate Services functions of the Authority (Finance & Accounts, HR & Admin, Corporate Communications & ICT)</p>
<p>Mr. Marona Cheplel MBA, Bcom, CPA(K)</p>	<p>Appointed:15th September 2023</p>

*Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024*

	<p>Director, Directorate of Internal Audit and Risk Assurance: Heading the Internal Audit and Risk Assurance function of the Authority.</p>
<p>CPA Everlyne Orange MBA, Bcom, CPA (K)</p>	<p>Appointed: 1st September 2023</p>
	<p>Deputy Director, Supply Chain Management: Heading the supplies and procurement functions of the Authority.</p>
<p>Ms. Loise Thuge Msc, BA, MCIPS(UK), MKISM</p>	

5. Chairman's Report

Key strategic objectives of the Energy & Petroleum Regulatory Authority is to enhance institutional capacity and overall development of human resources. These include competitive recruitment and retention of high quality employees. The Authority prides itself in the calibre of staff in its employment. It recognizes employees as a major stakeholder and human capital as its greatest asset and the driving force towards achieving its mandate. This is evidenced by the **successful implementation of the Authority's mandate and achievement of key performance objectives in the year ended 30th June 2024.** This is directly attributed to the effort exerted by the **Authority's employees towards achieving superior service delivery.**

It is my honour to present the Energy & Petroleum Regulatory Authority Mortgage and Car Scheme Annual Report and Financial Statements for the Financial Year 2023/2024. The Scheme has been aligned to respond to the BETA initiative by the National government. The Authority has manifested this by providing its employees with an affordable housing product at a very competitive interest rate of 3%. I am glad to report that the Scheme has continued to attract the interest and needs of employees and thus justifying the need for introduction of this employee welfare facility. The Authority has continued to innovate and make the facility attractive to its employees.

Therefore, employee welfare has continued to take a paramount position in the operations of the Authority. The Authority has purposed to grow the scheme by providing adequate funding in order to accommodate the needs of all employees who are interested in buying a house or car. The EPRA scheme was started with an initial capital injection of Kshs 48,000,000 in the financial year 2014/2015. This has grown to Kshs. 469,586,616 as at 30th June 2024. The uptake of the facility has also increased and the Board continues to review the performance of the scheme to ensure optimal allocation and utilization of resources.

It is noted that the uptake of the Scheme products has experienced challenges because of the preliminary costs associated with acquiring property which is upwards of 10% in many cases. These upfront costs are not covered in the current design of the scheme's products. **The Board will be looking at modalities of helping employees navigate these challenges.**

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

I wish to encourage staff to take advantage of this facility and provide a home for themselves and their families and to enjoy the benefits of owning a car at very low rates of interest.



Hon. Prof. Jackton Boma Ojwang
Board Chairman

6. Report of the Director General

The Energy & Petroleum Regulatory Authority continue to explore various ways of improving staff welfare, being cognisant of the fact that employees are the Authority's greatest asset. A motivated and happy employee usually results in improved productivity. Management has identified the mortgage and car loan scheme as one of the greatest motivators of staff and a significant tool in staff retention.

I have the pleasure of presenting the Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ending 30th June 2024. The financial statements comprise of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Net Assets, Statement of Cashflow and Statement of Comparison of Budget and Actual Amounts. The Authority ensured prudent financial management of the scheme and financial reporting in line with the Public Finance Management Act, 2012 and the International Public Sector Accounting Standards (IPSAS) resulting in an efficient and effective administration of the scheme.

As at 30th June 2024, the Authority had disbursed a total of Ksh. 469,586,616 to the scheme with the asset base of the scheme growing to Kshs. 480,743,629. Surplus for the year ended 30th June 2024 was Kshs. 1,055,000. The scheme is operated on a revolving fund basis with principal loan repayment and any surplus generated from operations ploughed back to grow the scheme. Management is hopeful that the scheme will be self-sustaining in the near future.

The Authority continues to look into innovative ways of ensuring uptake of this product by all employees who are eligible. The scheme commenced in the financial year 2014/2015 and has witnessed encouraging growth in the uptake of its products. As at 30th June 2024, there Scheme had served a total of 93 employees who were at various levels of either making applications or already having acquired and servicing loans for various products or having fully repaid the loans. 60 employees had made applications for the mortgage facility while 33 employees had made applications for the car loan facility.

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

The Authority continues to support the scheme and wish to encourage all eligible employees especially those in the lower cadre to take advantage of the low interest rates offered by the Energy and Petroleum Regulatory Authority Mortgage and Car Loan Scheme.



Mr. Daniel Kiptoo Bargarora

Director General

7. Statement of Performance Against Predetermined Objectives

EPRA Mortgage and Car Loan Scheme has adopted the Authority’s Strategic Pillar No. 6- Institutional Capacity and Development and objectives within its Strategic Plan for the FY 2023/2024 - 2027/2028. This Strategic Pillar is relevant to the operations of the Scheme in the context of staff empowerment and motivation.

EPRA develops its annual work plans based on the pillars. Assessment of the Board’s performance against its annual work plan is undertaken quarterly.

The objectives of the Scheme are;

- a) Provide loan facility for purchase and construction of residential houses.
- b) Provide loan facility for purchase of private motor vehicles

The EPRA Mortgage and Car Loan Scheme achieved its performance targets set for the FY 2023/2024 period for the selected strategic pillars, as indicated below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar - Institutional Capacity & Development	c) Provide loan facility for purchase and construction of residential houses.	a) Number of successful mortgage applications.	a) Expedite mortgage applications.	a) There were seven (7) applications) for mortgage of which two (2) were successfully disbursed.
	d) Provide loan facility for purchase of private motor vehicles	b) Number of successful car loan applications.	b) Expedite car loan applications.	b) There were six(6) applications for car loan of which all the six (6) applications were successfully disbursed.
		c) Allocation of budget for Mortgage and Car Loan Scheme	c) Provide funding and disburse the allocated funds to the Scheme	c) Kshs.20,000,000 was allocated towards the Scheme and the whole amount successfully transferred to the Scheme revolving fund.

8. Corporate Governance Statement

1. Introduction

The Board of Directors acknowledge the need to conduct the business and operations of the Authority with integrity and in accordance with generally accepted corporate practice and internationally developed principles of corporate governance. The Board recognize corporate governance as an essential element towards achieving the Authority's regulatory mandate provided in both the Energy Act, 2019 and Petroleum Act, 2019. The Board members adhere to good corporate governance by embracing the following principles:

- Observation of high standards of ethical and moral behaviour;
- Act in the best interests of the Authority;
- Ensure fair staff remuneration and promotion
- Promotion of legitimate interests of all stakeholders;
- Ensure that the organization acts as a good corporate citizen.

The Board members will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in the Authority's operations.

2. Board members

2.1 Board Composition, Appointment and Size

The Board of Directors of the Authority as provided under section 12 of the Energy Act, 2019 consist of the Chairman, the Principal Secretary in the Ministry of Energy or his representative, the Principal Secretary in the Ministry of Petroleum and Mining or his representative, the Principal Secretary in the National Treasury or his representative, one County Executive Committee member or his representative nominated by the Council of County Governors, the Director General and five other members who represent the private sector. The Chairman and the five other independent members are appointed by the President and the Cabinet Secretary respectively. The Chairman (Hon. Justice (Prof) Jackton B. Ojwang) is Non-Executive.

The Chairman's term is four years and that of the other Board members is three years and the respective terms are renewable once for the same duration. The Director General is the Chief Executive of the Authority appointed by the Cabinet Secretary through competitive selection for a term of three-year renewable once. The Director General is an ex officio member of the Board with no voting rights at the Board meetings.

The Board is well composed in terms of diversity in skills, knowledge of business and administrative experience acquired from both private and public sectors that is essential in the effective management of the Authority's operations.

The appointment of the Board members can be terminated in accordance with the provisions of Second schedule of the Energy Act, 2019 or through voluntary resignation.

2.2 Independence and Separation of Roles and Responsibilities

The Board members exercise independent judgment in discharging their duties.

The Board sets the strategic plan of the organization, oversees implementation of policies, evaluates the performance and reports to the stakeholders.

The Chairman of the Board is primarily responsible for the activities of the Board and its Committees. The Chairman in consultation with the Director General sets the agenda for Board meetings, chairs the meetings and ensure effective communication to stakeholders. The Chairman acts as the spokesperson for the Authority and is the principal contact for the Director General. The Director-General who is the Chief Executive of the Authority, is responsible for the day-to-day management of the Authority subject to the Board's direction.

2.3 Board Responsibilities

The Board's responsibility is to promote the long-term success of the organization. The Board provides leadership, strategic direction and exercises effective control of the Authority. The Board members assume collective responsibilities through their duties

are discharged through the Board or its Committees

2.4 Board and Committee Meetings

The Energy Act 2019 provides that Board meetings will be held at least four times a year, and not more than four months shall lapse between the date of one meeting and the next meeting. A schedule of dates of the meetings is agreed upon by Board members and set out in the Board Work Plan. Notices of the location and the timing of meetings are issued seven days prior to the meetings. The Work Plan is adjusted when deemed necessary by the Board.

The Committees conduct their business within the rules and procedures set by the Board. The matters deliberated by the Committees are consequently presented to the Board by the respective Chairman during the next Board meeting for adoption.

The Committees are designed to ensure the Board runs efficiently and effectively and in a manner that embraces corporate governance. The Committees enable the Board to effectively discharge its responsibility by delving into issues that require greater attention than would be possible during regular Board meetings. The Board has three Committees; Technical, Finance and Administration and Audit and Risk.

2.5 Finance and Administration Committee

The Finance and Administration Committee is responsible for ensuring overall sound financial reporting, establishing internal system of controls, business plans and budgets, procurement, ICT, public relations, administration and staff affairs. As at the end of the financial year, members were Mr. Daniel Ndonge (Chair), Mr. Albert Mwenda, Mr. George Mwakule, Eng. Mercy Wambugu and Director General.

2.6 Technical Committee

The Technical Committee's responsibilities are to provide technical and strategic direction to the Authority and approve technical plans, activities, reports and budgets.

As at the end of the financial year, the Committee members were Eng. Mercy Wambugu (Chair), Mr. Barnabas Ngeno, Mr. Moses Mutuli, Mr. Daniel Ndonye, Mr. Masini Ichwara, and DirectorGeneral.

2.7 Audit and Risk Committee

The responsibilities of the Audit and Risk Committee are to; review the financial information of the Authority, monitor the effectiveness of management information and internal control systems, deliberate on significant findings arising from both internal and external audits, and reviewing the overall risks facing the Authority.

As at the end of the year the Committee members were Mr. Moses Mutuli (Chair), Mr. Barnabas Ngeno, Ms. Caroline Gathii and Mr. Albert Mwenda.

2.8 Board Charter and Work Plan

The Authority has formulated a Charter, which defines the role and responsibilities of the board in executing their strategic oversight function of the organization. The board members prepare an annual Work Plan. The Plan sets out the specific activities to be undertaken by the Board members towards fulfilling their mandate.

2.9 Directors Induction and Skills Development

The Authority provides new directors with an effective induction programme in order to familiarize them with their responsibilities as Board members and with general principles of corporate governance. The programme also provides the members with an orientation of the organization, strategic plan, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics. The Authority ensures that a competence needs assessment is carried out periodically and an Annual Development Plan prepared to address identified gaps. The Authority ensures that its members are up-to-date with continuous professional development in their respective professional bodies.

2.10 Board Effectiveness and Evaluation

The Board, its composition and performance evaluation is central to corporate governance. Further, Article 1.12 of Mwongozo requires Boards to undertake performance evaluation. It is in this regard that the Authority under the guidance of a representative of the State Corporation Advisory Committee (SCAC) conducts Board performance evaluation.

The Authority conducts an annual evaluation to appraise its performance. This evaluation is carried out in accordance with the Evaluation Tool. The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Authority also reviews the performance of each committee against the set Terms of Reference.

The Evaluation is undertaken at three levels:

- 2.2.1 Peer Review
- 2.2.2 Self-evaluation
- 2.2.3 Board evaluation

The results are analyzed and a mean score rate for each of the levels determined. Through this exercise, the Board identifies areas of strength and weaknesses and the Board is committed to addressing areas of challenges that are identified.

2.11 Ethical Leadership and Corporate Citizenship

The Board members are required to act in the best interest of Authority and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of Authority over other interests. The Directors on appointment are sensitized on the requirements of the Mwongozo Code of Governance and have expressly committed to adhere to it.

Both the Board members and employees of the Authority are expected to act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency. The Authority has developed a Code of Conduct and Ethics to guide the Directors and the employees when undertaking their duties. All the Board members and employees sign a declaration of interest form indicating they will disclose any interest that may conflict with the interest of the organization. The Board members declare their interest at every Board or Committee meeting. The Board members and employees declare their wealth status as per the Public Service Commission requirements. The organization maintains a Register of Gifts as per the requirements of the Public Officer Ethics Act, 2003 and this register is continuously updated.

2.12 Succession Plan

Succession planning is an ongoing process of systematically identifying, assessing and developing talent and capacity to ensure continuity in specific positions within the organization. The Plan is designed to identify and prepare candidates for positions that become vacant due to retirement, resignation or death. The Energy Act requires that the Board members are appointed at different times so that the respective expiry dates of their terms of office falls at different times.

2.13 Remuneration of the Board of Directors

The remuneration of the Chairman and the other Board members is determined by SCAC as provided in the State Corporations Act. The members are paid taxable sitting allowance. The Chairperson is paid a monthly fee and honoraria and the other members are paid monthly fee. The Board members are entitled to daily subsistence allowances while attending official duties. The members are reimbursed their transport expenses at the prevailing AA rates. The Board members are also provided with outpatient, inpatient medical and personal accident cover. The Board members are paid by the Authority and no scheme income is used to pay for Board expenses.

2.14 Compliance with existing laws and regulations

The Scheme through the Authority conducts its business affairs in compliance with all applicable laws, regulations, policies and accepted national and international standards. The Authority is in compliance with the Constitution, the Energy Act 2019, the Petroleum Act 2019, Leadership and Integrity Act, 2012, the Public Officers Ethics Act, 2003, the Public Procurement and Assets Disposals Act, 2015, the Public Finance Management Act, 2012, the Employment Act among other legislation. The Board complies with the requirements of the Mwongozo Code of Governance and has developed a Board Charter that is based on the Mwongozo principles of good governance.

i Court Cases.

The Scheme did not have any court cases as at the end of the reporting period.

*Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024*

ii Board Attendance.

BOARD COMMITTEE MEMBERSHIP AND NUMBER OF MEETINGS FOR FY 2023-2024							
	Board Member	Classification	Board Meeting Total No. of Meetings (13)	Technical Committee - Total No. of Meetings (7)	Finance & Administration Committee - Total No. of Meetings (7)	Audit & Risk Committee - Total No. of Meetings (4)	Pension Board Meetings (4)
1	Hon. Justice Jackton Ojwang'	Chairman	13/13	N/A	N/A	N/A	N/A
2	Daniel Kiptoo	Director General	13/13	5	7	1	N/A
3	Eng. Mercy Wambugu	Independent Member	3	1	N/A	N/A	N/A
4	Mr. George Mwakule	Independent Member	3	N/A	1	N/A	1
5	Mr. Daniel Ndonye	Independent Member	2	1	1	N/A	1
6	Ms. Caroline Gathii	Independent Member	3	N/A	N/A	N/A	N/A
7	Mr. Moses Mutuli	Independent Member	2	1	N/A	1	N/A
8	Mr. Barnabas Ngeno	Rep. Council of Governors	12	1	5	1	3
9	Mr. Masini Ichwara	Rep. Ministry of Energy	10	4	3	N/A	1
10	Mr. Albert Mwenda	Rep. National Treasury	1	N/A	1	1	N/A
11	Mr. Isaac Odek	Inspectorate of State Corporat	2	N/A	1	1	N/A
12	Mr. Antony Gachau	Independent Member	10	6	N/A	3	N/A
13	Mr. Diba Huka	Independent Member	7	6	N/A	3	N/A
14	Ms. Jennipher Nawoi	Independent Member	10	N/A	2	2	3
15	Mr. Abraham Kiprutto	Independent Member	10	3	4	N/A	N/A
16	Mr. Abdulkarim Mohammed	Rep. Ministry of Energy	10	6	6	N/A	N/A
17	Ms. Jane Masai	Independent Member	9	5	N/A	3	N/A
18	Mr. Gabriel Kitumu	Rep. Ministry of Energy	3	1	N/A	1	N/A
	OUT OF		13	7	7	4	4

9. Management Discussion and Analysis

Section A

The Scheme's operational and financial performance

The Energy and Petroleum Regulatory Authority (EPRA) is committed to continue supporting the National Government Agenda of providing cheap and affordable housing for its citizens. The Authority has continued to provide resources and support to the mortgage and car loan scheme. The Authority has allocated sufficient resources to the scheme to ensure it is continuously funded with the aim of making it self-sustaining in the long run by ploughing back all funds received into the scheme in a revolving fund model.

The Authority has the responsibility of setting up a revolving fund for the disbursement of loans with the Board of Directors of the Authority providing oversight on the management of the scheme. The Authority's Management has appointed a Staff Mortgage and Car loan Scheme Advisory Committee (SMCAC) charged with the overall supervision of the scheme. KCB Bank is responsible for the day-to-day operations of the scheme. A scheme administration fees is charged by the Bank for offering this service.

The scheme is cash backed and includes a fund for purchase of motor vehicle for EPRA employees who desire. The scheme is administered by KCB bank through a cash backed arrangement. The Human Resource Department is charged with the responsibility of vetting and recommending mortgage and car loan applications before submitting the applications to KCB Bank for processing in accordance with laid down approved regulations and the agreement entered between the Authority and the Bank.

The scheme is in its ninth year of operation having witnessed a steady growth in uptake from the Authority's employees from the initial three (3) employees at inception in 2014/2015 to the current ninety three (93) employees who were at various stages in the scheme as at the end of financial year 2023/2024. Sixty (60) and thirty three (33) of these employees are in the mortgage and car loan schemes respectively. Additionally, included in the cited numbers, is successful issuance of fifty (50) mortgage facilities; six (6) of which have been successfully paid back in full.

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

Furthermore, as at the end of the financial year 2023/2024, nine (9) mortgage applications were pending disbursement while one (1) mortgage application was at the appraisal stage. On the other hand, the car loan product had witnessed successful issuance of thirty three (33) car loans with fourteen (14) employees having successfully repaid their loans. To date the scheme has not reported any form of debt distress or default in servicing of the mortgages or car loans advanced to employees.

The scheme provides mortgage and car loan facilities at an interest rate of 3%. As at 30th June 2024 the Authority had disbursed a total of Ksh.469,586,616 (Ksh.443,086,616 for mortgage and Kshs.26,500,000 for car loan respectively). As at the end of the year, the scheme had Ksh.452,944.397 (Kshs. 434,486,245 for mortgage and Kshs.18,458,152 for car loan respectively) outstanding on loans advanced. The scheme held a revenue reserve of Kshs. 11,157,013 as at the end of the financial year with a total asset base of Kshs.480,743,629. Surplus of Ksh.1,055,000 was realized for the period ended 30th June 2024. Surplus generated from the fund is ploughed back to the scheme to grow the fund.

The Authority will endeavour to provide more funding to ensure all employees interested in purchasing residential houses or personal motor vehicles are facilitated. It is expected that the fund will be self-sustaining in the near future. The Authority reiterates its commitment to support the scheme and encourages employees to take advantage of these facilities to improve their standard of living.

Section B

Scheme's compliance with statutory requirements

The Scheme is managed by the Authority which conducts its business affairs in compliance with all applicable laws, regulations, policies and accepted national and international standards. The Authority is in compliance with the Constitution, the Energy Act 2019, the Petroleum Act 2019, Leadership and Integrity Act, 2012, the Public Officers Ethics Act, 2003, the Public Procurement and Assets Disposals Act, 2015, the Public Finance Management Act, 2012, the Employment Act among other legislation. The Board complies with the requirements of the Mwongozo Code of

Governance and has developed a Board Charter that is based on the Mwongozo principles of good governance.

The Scheme does not have any court cases nor are there any contingent liabilities.

Section C

Key projects and investment decisions the entity is planning/implementing.

The scheme's primary purpose is to provide mortgage and car loan facilities to its staff and does not engage in any other projects or investments.

Section D

Major risks facing the entity

The Scheme is cash backed and does not incur any liabilities other than for the scheme administration fees which is paid out of the loan repayments The scheme does not foresee any major risks of concern.

Section E

Material arrears in statutory/financial obligations

The scheme does not have any arrears in statutory/financial obligations

Section F

The scheme does not have any financial probity or serious governance issues that has been brought to the attention of management.

10. Environmental and Sustainability Reporting

The Scheme does not have a secretariat and does not undertake any other activities other than disbursement and recovery of loans to the Authority's employees. However, the Houses and Cars acquired by the Scheme funds are expected to be compliant with all environmental laws, regulations and standards.

11. Report of Board

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

Principal activities

The principal activity of the scheme is to provide low interest mortgage and car loan facilities to the employees of the Energy & Petroleum Regulatory Authority.

Performance

The performance of the Scheme for the year ended June 30, 2024, is set out on page 1

Board

The members of the Board who served during the year are shown on page iii.

Auditors

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

By Order of the Board

.....


Hon. Prof. Jackton Boma Ojwang

Chair of the Board

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund shall prepare financial statements for the Scheme in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Scheme is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the quarter ended on 30th June 2024. 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 fund, (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 fund; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Scheme accepts responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Scheme is of the opinion that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions for the period ended 30th June 2024, and of the Scheme's financial position as at that date.

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

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 25/12/ 2024 and signed on its behalf by:



.....
Name: Hon. Prof. Jackton Boma Ojwang

Chairman of the Board



.....
Name: Daniel Kiptoo Bargarua

Director General

REPUBLIC OF KENYA



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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON ENERGY AND PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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 the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme set out on pages 1 to 27,

Report of the Auditor-General on Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2024

which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement 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 Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, issues were raised under Report on Lawfulness and Effectiveness in Use of Public Resources. Management indicated in Annex 1 to the financial statements that the matters are awaiting confirmation of the date from the National Assembly, no evidence was provided to support that status.

Other Information

Management is responsible for the other information set out on page iii to xxxix which comprise of Key Scheme Information and Management, Board Members, Management Team, Chairman's Report, Report of the Director General, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board, and the Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Scheme's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else 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

1. Lack of Budget for Interest Income and Administration Costs

The statement of comparison of budget and actual amount reflects amounts of Kshs.13,000,000 and Kshs.12,001,065 in respect of revenue and expenses budget respectively. However, there was no approved budget for interest income and scheme administration costs which recorded actual amounts of Kshs.12,303,525 and Kshs.11,248,525 respectively. This was contrary to the provision of Section 149(2)(h) of the Public Finance Management Act, 2012, which requires the Accounting Officer to prepare estimates of expenditure of the entity in conformity with the strategic plan.

In the circumstances, Management was in breach of law.

2. Unpaid Interest on the Loan Deposits

The statements of financial performance and as disclosed in Note 6 to the financial statements reflects interest from unutilized funds bank balances of Kshs.1,057,129. Review of records at the Scheme revealed that a contract entered into with the Scheme administrator, a local bank, on appointment provided for payment of a quarterly interest from the amounts deposited in the bank. However, during the year under review, no interest was received from the bank on car loan deposits. This was contrary to Clause 22(b) of Employees Car Loan Agreement between Energy and Petroleum Regulatory Authority (EPRA) and the financial institution dated 29 May, 2014 which provided that interest on the deposit account shall be calculated quarterly and shall be disposed of according to instruction from EPRA or credited to the Deposit Account in the absence of any disposal instructions

In the circumstances, the Management was in breach of the contract terms.

3. Inconsistencies in Scheme Contract Agreements

Review of the Employees Car Loan Agreement and the Employees' Special Housing Scheme Agreement between Energy and Petroleum Regulatory Authority and the Scheme Administrator revealed the following inconsistencies and unsatisfactory matters:

- i. The agreements provide for a 3% administration fee on mortgage and car loans payable to the scheme administrator. However, the interest, which is equivalent to the rate charged on loans, was also to cover administrative costs of the financing institution hence insufficient to cover both costs. Additionally, the financing institution charged borrowers an appraisal fees of 0.5% and 1% on car and mortgage loans taken respectively, and a monthly ledger fee of Kshs.350. The additional charges increased the cost of loans.
- ii. The agreements require the Fund to maintain a lien deposit account with an equivalent sum as disbursed mortgage and car loans transferred from funds held in the deposits account. However, no interest is earned on amount deposited in the lien account. This requirement limits available of funds for additional loans to beneficiaries and prevents the Fund from generating additional cash on funds held at the lien account which attracts no interest.

In the circumstances, the value for money on cash held on a no interest account could not be ascertained.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Payment of Construction Loans to Staff Accounts

During the year under review, Management disbursed construction mortgage loans amounting to Kshs.15,300,000 to staff. However, the funds were deposited directly into

the personal bank accounts of the applicants and not through identified contractors or service providers. This practice increases the risk that the funds may not be utilized for the intended construction purposes, exposing the scheme to potential financial losses or the misuse of funds for unintended purposes.

In addition, no evidence of monitoring of projects was provided to ensure that funds advanced to employees are used for intended purpose as provided for under Clause 1.5 (b) of the Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Policy.

In the circumstances, the value for money advances amounting to Kshs.15,300,000 as construction loans could not be confirmed.

2. Lack of a Risk Management Policy

During the year under review, the Scheme did not have a Risk Management Policy contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015. The Regulation requires the Accounting Officer of a National Government entity to develop risk management strategies which include fraud prevention mechanisms that builds robust business operations.

In the circumstances, Management was in breach of the law.

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 controls 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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 effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


24 December, 2024

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**

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

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest from bank balances (unutilized funds)	6	1,057,129	514,779
Interest from mortgage and car loan		11,246,396	10,924,961
Total revenue		12,303,525	11,439,740
Expenses			
Use of goods and services	7	11,248,525	10,926,026
Total expenses		11,248,525	10,926,026
Surplus/Deficit		1,055,000	513,714

(The notes set out on pages 7 to 23 form an integral part of these Financial Statements).

The financial statements were approved on  by:



.....
Name: Hon. Prof. Jackton
Boma Ojwang
Chairperson of the Board



.....
Name: Daniel Kiptoo
Bargoria
Director General



.....
Name: Muznah Sisiwa
Ag. DDF&A
ICPAK M/No: 21186

*Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024*

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

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	8	27,799,231	43,263,350
Receivables from exchange transactions	9	39,820,932	28,632,717
Total Current Assets		67,620,163	71,896,067
Non-current assets			
Receivables from exchange transactions		413,123,466	387,792,562
Total Non- Current Assets		413,123,466	387,792,562
Total assets		480,743,629	459,688,629
Liabilities			
Trade and other payables	10	-	-
Total Current Liabilities		-	-
Non-Current Liabilities			
Trade and other payables	10	-	-
Total non-current liabilities		-	-
Total liabilities		-	-
Net assets		480,743,629	459,688,629
Car loan revolving fund		26,500,000	26,500,000
Mortgage revolving fund		443,086,616	423,086,616
Accumulated surplus (<i>Reserves</i>)		11,157,013	10,102,013
Total net assets and liabilities		480,743,629	459,688,629

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

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

The Fund financial statements were approved on  2024 and signed by:



.....
Name: Hon. Prof. Jackton
Boma Ojwang
Chairperson of the Board



.....
Name: Daniel Kiptoo
Bargoria
Director General



.....
Name: Muznah Sisiwa
Ag. DDF&A
ICPAK M/No: 21186

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

	Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 1 July 2022	388,086,616	21,500,000	9,588,299	419,174,915
Surplus/(deficit) for the period	-	-	513,714	513,714
Funds received during the year	35,000,000	5,000,000	-	40,000,000
As at 30th June 2023	423,086,616	26,500,000	10,102,013	459,688,629
Balance as at 1 July 2023	423,086,616	26,500,000	10,102,013	459,688,629
Surplus/(deficit) for the period	-	-	1,055,000	1,055,000
Funds received during the year	20,000,000	-	-	20,000,000
As at 30th June 2024	443,086,616	26,500,000	11,157,013	480,743,629

*Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024*

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

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest from bank balances (unutilized funds)		1,057,129	514,779
Interest from mortgage and car loan		11,246,396	10,924,961
Total receipts		12,303,525	11,439,740
Payments			
Use of goods and services		(11,248,525)	(10,926,026)
Total payments		(11,248,525)	(10,926,026)
Net cash flow from/ (used in) operating activities	11	1,055,000	513,714
Cash flows from investing activities			
Proceeds from loan principal repayments		41,780,881	19,159,820
Loan disbursements paid out		(78,300,000)	(36,534,000)
Net cash flows from/(used in) investing activities		(36,519,119)	(17,374,180)
Cash flows from financing activities			
Receipts into the mortgage revolving fund		20,000,000	35,000,000
Receipts into the car loan revolving fund		-	5,000,000
Net cash flows from(used in) financing activities		20,000,000	40,000,000
Net increase/(decrease) in cash and cash equivalents		(15,464,119)	23,139,534
Cash and cash equivalents at 1 July 2023		43,263,350	20,123,816
Cash and cash equivalents at period ended 30th June 2024	8	27,799,231	43,263,350

*Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024*

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

Description	Original budget	Adjustments	Final budget	Actual Cumulative to date	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	F=d/c
Revenue					
Interest from bank	1,000,000	-	1,000,000	1,057,129	105.7%
Interest from mortgage & car loan	12,000,000	-	12,000,000	11,246,396	93.7%
Total Revenue	13,000,000	-	13,000,000	12,303,525	94.6%
Expenses					
Use of goods and services	12,001,065	-	12,001,065	11,248,525	93.7%
Expenditure	12,001,065	-	12,001,065	11,248,525	93.7%
Surplus for the period	998,935	-	998,935	1,055,000	

19. Notes to the Financial Statements

1. General Information

The Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme is established by the Energy and Petroleum Regulatory Authority (EPRA), a state corporation that derives its authority and accountability from the Energy Act 2019. The scheme is wholly owned by the Authority and is domiciled in Kenya. The scheme's principal activity is the provision of Mortgage and car loan facilities to the employees of the Authority.

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

3. Adoption of new and revised Standards

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

There are no new standards effective in the FY.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>The standard has no impact to the Scheme.</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>The standard has no impact to the Scheme</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be

**Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024**

	<p>recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The standard has no impact to the Scheme</i></p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The standard has no impact to the Scheme</i></p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard has no impact to the Scheme</i></p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared</p>

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

	to provide guidance to entities that provide transfers on accounting for such transfers. <i>The standard has no impact to the Scheme</i>
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>The standard has no impact to the Scheme</i>

iii. Early adoption of standards

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

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Scheme and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds. The scheme did not have transfers from other government entities other than capital injection from the Authority.

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.

Dividends

The Scheme did not receive any dividend income during the financial year.

Rental income

The Scheme does not have any investment properties.

b. Budget information

The original budget for FY 2022/24 was approved on 30th June 2023. No subsequent revisions or additional appropriations were made to the approved budget. The Scheme's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in 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.

c. Property, plant, and equipment (PPE)

The Scheme does not have any property, plant and equipment (PPE).

d. Intangible assets

The Scheme does not have any intangible assets.

e. Investment property

The Scheme does not have any investment property.

Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Scheme does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Scheme's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial

liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

I. Financial assets

Classification of financial assets

The Scheme classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Scheme's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Scheme classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a

continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Scheme assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Scheme recognizes a loss allowance for such losses at each reporting date.

II. Financial liabilities

Classification

The Scheme classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

f. Contingent liabilities

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

g. Contingent assets

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential

will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs. The Scheme did not have any contingent assets as at the end of the financial year.

h. Nature and purpose of reserves

The Scheme creates and maintains reserves in terms of specific requirements. The Scheme operates a revolving fund where accumulated surplus are ploughed back into the Scheme.

i. Changes in accounting policies and estimates

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

j. Foreign currency transactions

The Scheme does not have or trade in foreign currency.

k. 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 Scheme Managers, and Scheme Accountant. The Scheme does not remunerate any of its related parties other than the Scheme Administrator (KCB Bank) who is paid Scheme administration fees.

l. 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 KCB Bank at the end of the financial year.

m. Comparative figures

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

n. Events after the reporting period

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

o. Ultimate and Holding Fund

The Scheme is established by the Energy and Petroleum Regulatory Authority. Its ultimate parent is the Authority.

p. 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.

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 Scheme. Such changes are reflected in the assumptions when they occur.

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 Scheme
- 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

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

Notes to the Financial Statements

6. Interest income

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Interest from bank balances (unutilized funds)	1,057,129	514,799
Interest Income from Mortgage Loans	10,681,053	10,394,795
Interest Income from Car Loans	565,343	530,166
Total Revenue/Interest Income	12,303,525	11,439,740

7. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Mortgage Scheme administration fees	10,681,052	10,394,795
Car Loan Scheme administration fees	565,343	530,166
Bank Charges	2,130	1,065
Total	11,248,525	10,926,026

8. Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Car Loan/ Mortgage Account	27,799,231	43,263,350
Total	27,799,231	43,263,350

8 a) Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	2023/2024	2022/2023
		Kshs.	Kshs.
Mortgage and Car Loan Scheme			

*Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024*

Financial Institution	Account number	2023/2024	2022/2023
		Kshs.	Kshs.
Mortgage- KCB Bank Account	1159138850	19,665,707	31,202,612
Car Loan- KCB Bank	1120521726	8,133,524	12,060,738
Grand Total		27,799,231	43,263,350

9. Receivables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs.		Kshs.	
Current Receivables				
Current Loan Repayments Due	39,820,932		28,632,717	
Total Current Receivables	39,820,932		28,632,717	
Non-Current Receivables				
Long Term Loan Repayments Due	413,123,466		387,792,562	
Total Non- Current Receivables	413,123,466		387,792,562	
Total Receivables	452,944,398		416,425,279	
Ageing analysis (receivable from exchange transactions)	2023/2024	%of total	2022/2023	%of total
Less than 1 year	39,820,932	9%	28,632,717	7%
Over 1 years	413,123,466	91%	387,792,562	93%
Total	452,944,398	100%	416,425,279	100%

10. Trade and other payables

Description	2023/2024		2022/2023	
	Kshs.		Kshs.	
Trade payables	-		-	
Other payables	-		-	
Total trade and other payables	-		-	
Ageing analysis: (Trade and other payables)	Current FY	% of total	Comparative FY	% of total
Under one year	-	%	-	%
Over 1 years	-	%	-	%
Total	-	%	-	%

11. Net cash flows from operating activities

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Surplus/ (deficit) for the period	1,055,000	513,714
Interest income	12,303,525	11,439,740
Working capital adjustments		
Increase in receivables	(12,303,525)	(11,439,740)
Net cash flow from operating activities	1,055,000	513,714

12. Financial risk management

The Scheme's activities expose it to a variety of financial risks including credit and liquidity risks. The Scheme's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Scheme 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 Scheme's financial risk management objectives and policies are detailed below:

a) Credit risk

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

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 where applicable, estimated by the Scheme's management based on prior experience and their assessment of the current economic environment.

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024				
Receivables From Exchange Transactions-Car loans and mortgages	-	-	-	-
Receivables From Non-Exchange Transactions	452,944,398	452,944,398	-	-
Bank Balances	27,799,231	27,799,231	-	-
Total	480,743,629	480,743,629	-	-
At 30 June 2024				
Receivables From Exchange Transactions- Car loans and mortgages	416,425,279	416,425,279	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	43,263,350	43,263,350	-	-
Total	459,688,629	459,688,629	-	-

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 Scheme has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Scheme's Administrator, who has built an appropriate liquidity risk management framework

for the management of the Scheme's short, medium, and long-term funding and liquidity management requirements. The Scheme manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The scheme does not have any cash flows payable under non-derivative financial liabilities.

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Scheme'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 Board.

There has been no change to the Scheme's exposure to market risks or the manner in which it manages and measures the risk.

d) Interest rate risk

Interest rate risk is the risk that the Scheme's financial condition may be adversely affected as a result of changes in interest rate levels. The Scheme's interest rate risk arises from bank deposits. This exposes the Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Scheme'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 Scheme 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. Given that bank deposit is not the primary goal of management, part of the interest rate risk mitigation strategy is to ensure the bank balance is at a minimum possible and that all the money held is disbursed to reduce the risk of exposure of the bank balances.

e) Capital risk management.

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

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Revolving fund	469,586,616	449,586,616
Accumulated surplus (<i>Reserves</i>)	11,157,013	10,102,013
Total funds	480,743,629	459,688,629
Less: cash and bank balances	(27,799,231)	(42,263,350)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

13. Related party balances

a) Nature of related party relationships

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

- a) Energy and Petroleum Regulatory Authority

***Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024***

- b) Board members
- c) Key management of the Authority
- d) Staff Mortgage and Car Loan Advisory Committee

b) Related party transactions

i. Transfers from related parties

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from Energy and Petroleum Regulatory Authority	20,000,000	40,000,000

ii. Key management remuneration

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Board members*	-	-
Key Management Compensation*	-	-
Staff Mortgage and Car Loan Advisory Committee*	-	-
Total	-	-

*The Scheme does not remunerate Board members, key management and the Staff Mortgage and Car Loan Advisory Committee.

14. Events after the Reporting Period

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

15. Ultimate and Holding Entity

The Energy and Petroleum Regulatory Authority Mortgage and Car Loan Scheme is a Scheme under the sponsorship of the Energy and Petroleum Regulatory Authority which is an State Corporation.

16. Currency

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

*Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2024*

20. Annexes

Annex I: Progress on Follow-Up of prior year auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Report on the lawfulness and effectiveness in the use of public funds 1. Irregular charge of interest	Irregular charge of interest for the car loan scheme	The interest on the car loan scheme was revised to 3% effective 1 st July 2022	The EPRA has addressed the issue. Awaiting confirmation from the National Assembly on concurrence.	Awaiting confirmation of the date from the National Assembly
Report on the lawfulness and effectiveness in the use of public funds 2. Policy documents	Policy documents	The mortgage and car loan scheme policy document was approved by the Board on 15 th December 2023	The EPRA has addressed the issue. Awaiting confirmation from the National Assembly on concurrence.	Awaiting confirmation of the date from the National Assembly

Director General



Date.....

20/12/2024