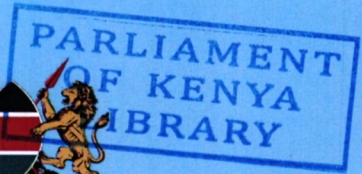


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE NATIONAL ASSEMBLY PARDON	
DATE: 19 APR 2023	Day: Wednesday
TABLED BY:	Hon. Owen Baya, Deputy leader of the Majority Party
CLERK-AT THE TABLE:	Modo

THE AUDITOR-GENERAL

ON

**THE OFFICE OF THE CONTROLLER
OF BUDGET STAFF MORTGAGE
SCHEME**

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

OFFICE OF THE CONTROLLER OF BUDGET



STAFF MORTGAGE SCHEME

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

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1. Key Scheme information and Management

a) i) Background information

The Office of the Controller of Budget (OCOB) is independent under Article 228 of the Constitution. The roles and functions of the Controller of Budget (COB) are further articulated by the Controller of Budget Act, 2016.

The core mandate of the COB is to oversee the implementation of the budgets of both the National and County governments by authorizing withdrawals from public funds. In addition, the COB is mandated to prepare, publish and publicize budget implementation reports within thirty days after the end of each quarter; conduct investigations on its initiative or upon receipt of a complaint by the public; undertake negotiations, conciliation and mediation to resolve disputes involving budget implementation; monitor, evaluate and make recommendations to both levels governments to improve budget implementation; enforcing budget ceilings set by Parliament and providing information to the public on budget implementation at both levels of government. The COB also has the mandate to advise Parliament when the Cabinet Secretary responsible for finance stops the transfer of funds to state organs or other public entities.

In discharging the mandates mentioned above, Section 5 of the COB Act, 2016 compels the Controller of Budget to ensure prudent and efficient public funds. In addition, the OCOB seeks to, among other things, promote fiscal discipline and equitable allocation of available resources, whilst improving transparency and accountability in the budget implementation process, which is significant for the devolved system of government. Prudent financial Management will ensure that the country fast-tracks the implementation of the flagship programmes and projects envisaged in Kenya's Vision 2030 and other international commitments.

ii) OCOB Mortgage Scheme

The OCOB Mortgage Scheme was established and derived its authority and accountability from sections 24 and 84 of the Public Finance and Management (PFM) Act, 2012 and regulation 127 of the PFM (National Government) Regulations, 2015.

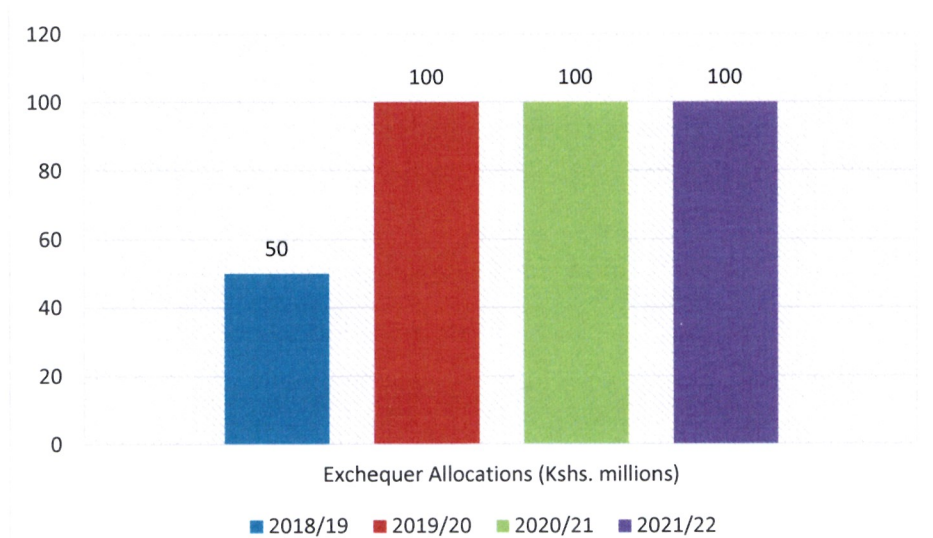
The OCOB Mortgage Scheme was established in FY 2018/19 as a revolving fund in line with the Salaries and Remuneration Commission (SRC) Circular Ref. No: SRC/ADM/CIR/1/13 Vol. III (128), dated December 17, 2014, to provide a mortgage scheme to acquire a residential property for staff members.

Section 84 of the PFM Act, 2012, mandates the Administrator of a public fund to prepare the annual financial statements of the Scheme.

For proper Management of the Scheme and as guided by the SRC in the circular under the reference above, the Office of the Controller of Budget developed Staff Mortgage Scheme Guidelines, 2018, which incorporated the benefit as contained in the SRC Circular and the requirements under the PFM Act, 2012 and PFM (National Government) Regulations, 2015 to guide in the operationalization of the Fund. Arising from there, the Office of the Controller of Budget approved and adopted the OCOB Mortgage Scheme Guidelines, 2018, on March 1, 2019.

The Controller of Budget appointed five key staff members from Corporate Services, Budget Implementation and Legal Directorates to serve on the OCOB Staff Mortgage Scheme Committee. The membership was later increased to eight. The Committee's objectives are to coordinate and engage with the Housing Finance Corporation, which manages the Scheme on behalf of the OCOB. Notably, the Scheme's secretariat is drawn from the OCOB, whereas the role of Management and administrative services are under the Housing Finance Corporation-Kenya (HFCK).

The Fund is wholly owned by the OCOB and is domiciled in Kenya. The Fund was established with an initial capital outlay of **Kshs. 50,000,000** paid out from the OCOB annual budget allocation for FY 2018/19 as seed capital. This initial capital has since been enhanced sevenfold through exchequer allocations to **Kshs. 350,000,000** as of June 30, 2022, as illustrated in the bar graph below:



b) Principal Activities

The principal activity of the Scheme is to provide mortgage facilities to OCOB staff for the sole purpose of:

- i) Purchasing an existing residential property
- ii) Purchase of land and construction
- iii) Construction, renovation and improvement of existing residential property or existing plot/land
- iv) Takeover loans on existing mortgages or equity release on existing mortgage property.

The Scheme is managed by the Housing Finance Corporation of Kenya Limited. A committee is charged with processing loans from applicants under the OCOB Staff Mortgage Scheme Guidelines, 2018. The Staff Mortgage Scheme Administration Committee is responsible for the day-to-day operations.

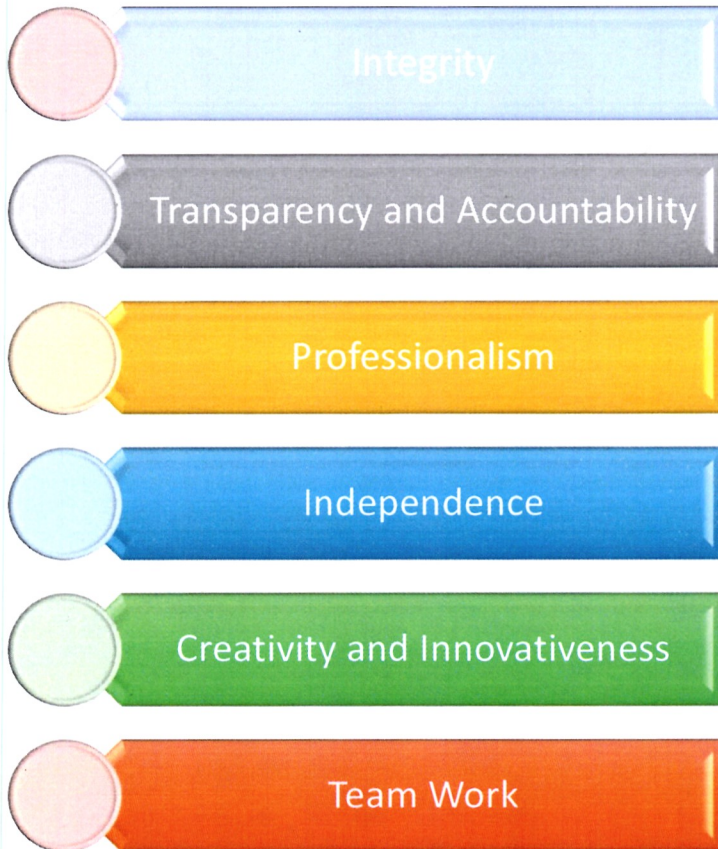
OUR VISION

A country where public funds are utilized prudently

OUR MISSION

To oversee the implementation of government budgets through the timely authorization of withdrawals from Public Funds and reporting on utilization

OUR CORE VALUES



c) Staff Mortgage Fund Administration Committee

S/NO	Position	Name
1.	Chairperson	CPA Macklin Ogolla
2.	Vice Chairperson	Ms Irene Arimi
3.	Fund Administrator	CPA Pamela Okatch
4.	Member	CPA Mark Kipkoech
5.	Member	Ms Judith Muli
6.	Member	Mr Hassan Sheikh
7.	Member	Ms Winfred Njeri
8.	Secretary	Mr Waweru Tuti

d) Fiduciary Oversight Arrangements

The key management personnel who held office during the financial year ending June 30 2022, and who had direct fiduciary responsibility were:

Ref	Position	Name
1.	Controller of Budget	CPA Dr. Margaret Nyakang'o
2.	Chairperson	CPA Macklin Ogolla
3.	Fund Administrator	CPA Pamela Okatch
4.	Fund Secretary	Mr Waweru Tuti
5.	Fund Manager	Housing Finance Corporation, Kenya Limited

e) Registered Offices

Entity Headquarters

Office of the Controller of Budget
Bima House 12th Floor, Harambee Avenue
PO Box 35616-00100
Telephone: (254) 020-2211068
E-mail: cob@cob.go.ke
Website: www.cob.go.ke
Nairobi, Kenya

f) Fund Contacts

Office of the Controller of Budget
Staff Mortgage Fund
P.O. Box 35616-00100
Telephone: +254 (0) 20 318939, 2211056
E-mail: cob@cob.go.ke
Website: www.cob.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Housing Finance Company of Kenya Ltd
HFC Mortgage Division
Head Office: Rehani House, Kenyatta Avenue / Koinange Street
PO Box 30088-00100
Mobile number: 0709 438 000 & 0709 438 888
E-mail: customer.service@hfgroup.co.ke or mybank@hfgroup.co.ke

h) Independent Auditors

Auditor General.
Office of the Auditor General
Anniversary Towers, University Way
PO Box 30084-00100
Nairobi, Kenya

i) Principal Legal Adviser

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

2. Fund Administration Committee

CPA Dr Margaret Nyakang'o - Controller of Budget



Dr Nyakang'o holds a Doctorate in Business Administration from the University of Liverpool, UK (2016). She also has an MBA in Strategic Management and a Bachelor of Commerce (Accounting) from the University of Nairobi. She is a Certified Public Accountant and a Member of Kenya's Institute of Certified Public Accountants.

Dr Nyakang'o is also an active member of the Women on Boards Network and a member of the Association of Women Accountants of Kenya (AWAK). Dr Nyakang'o is also a Certified Mediator and Coach.

CPA Macklin Ogolla-Director, Corporate Services



Mr Ogolla has over 29 years of professional experience in the public sector. Mr Ogolla has a Master of Business Administration from Moi University and a Bachelor of Science (Actuarial Mathematics) from the University of Nairobi.

In addition, Mr Ogolla has a Post-graduate Diploma in Finance from Maastricht. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Investment and Financial Analysts (ICIFA).

Pamela Okatch - Chief Manager, Finance and Accounts

CPA. Okatch has over 16 years of professional experience in the public sector. She has a Master of Business Administration from the University of Nairobi and a Bachelor of Commerce (Finance) from the Catholic University of Eastern Africa. Mrs Okatch is a Certified Public Accountant and member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Association of Women Accountants of Kenya (AWAK).



Mr Mark Kipkoech - Chief Fiscal Analyst, County Governments



Mr Kipkoech has over 11 years of professional experience in the private and public sectors. He holds a Master of Arts (Economics) from the University of Nairobi and a Bachelor of Arts (Economics) from Kenyatta University.

Mr Kipkoech is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Public Secretaries of Kenya (ICPSK).

Ms Irene Arimi - Chief Manager, Human Resource Management



Ms Arimi has over 17 years of professional experience in the private and public sectors. She has a Master of Business Administration (MBA) from Kenya Methodist University, a Bachelor's degree in Human Resource Management from UNISA and a Certificate in Executive Human Resource Management from the Institute of Human Resource Management. Ms Irene is a member of the Institute of Human Resource Management.

Ms Judith Muli - Chief Manager, ICT

Ms Muli has over 16 years of professional experience in ICT practice in the private and public sectors. She has a Master of Science (Information Systems) from the



University of Nairobi, a Master of Business Administration (Strategic Management) from Moi University, and a Bachelor of Science (Mathematics) from the University of Nairobi. Judith is a member of the Computer Society of Kenya (CSK), ISACA, and Internet Society of Kenya (ISOC) and a Lister with Kenya ICT Action Network (KICTANet).


Mr Waweru Tuti - Manager, Legal Services



Tuti is an Advocate of the High Court of Kenya and holds a Post-graduate Diploma in law from the Kenya School of Law and a Bachelor of law (LLB) Degree from the University of Nairobi. He is a member of the Law Society of Kenya (LSK) and an Associate Member of the Chartered Institute of Arbitrators (CI Arb- Kenya). He is also a Member of the International Association for Public Participation.

Mr Tuti has over 12 years of experience in the legal profession. Previously, he worked at the State Law Office as a State Counsel dealing with litigation matters and earlier at Njenga Mbugua & Nyanjua Advocates as a Litigation Associate. He has also worked with CDI-Africa, the premier Coach Institute in East & Central Africa.

3. Scheme Management Team

Name	Details of qualifications and experience
 <p data-bbox="236 907 673 981">CPA Dr. Margaret Nyakang'o Controller of Budget</p>	<p data-bbox="710 432 1489 1003">CPA Dr Margaret Nyakang'o is the Controller of Budget. She holds a Doctorate in Business Administration from the University of Liverpool, UK. She also has a Master of Business Administration degree in Strategic Management and a Bachelor of Commerce in Accounting, both from the University of Nairobi. Dr Nyakang'o is a Certified Public Accountant and member of the Institute of Certified Public Accountants of Kenya (ICPAK). She is also a member of the Association of Women Accountants of Kenya (AWAK) and an active member of the Women on Boards Network with hands-on skills in corporate governance.</p> <p data-bbox="710 1019 1489 1597">Dr Nyakang'o has over thirty years of professional experience in the public and private sectors. She has broad experience in Finance and Accounting, Strategic Management, Auditing, Tax, and Human Resource Management. She has undertaken training within and outside her profession in various disciplines, including Enterprise Risk Management, Quality Management Systems, Public Finance Management, and Corporate Governance, among others. She is passionate about mentoring and coaching young aspiring women professionals and is a Certified Online Trainer and a Certified Professional Coach.</p>



CPA, FA Macklin Ogolla
Chairperson

CPA Ogolla holds a Master of Business Administration (MBA) in Finance from Moi University and a Bachelor of Science in Actuarial Mathematics from the University of Nairobi. He also holds a Post-graduate Diploma in Finance from Maastricht. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Investment and Financial Analysts (ICIFA). He has six years as a Board Member of the Public Sector Accounting Standard Board (PSASB).

He has extensive knowledge in Fiscal Decentralization, Debt Sustainability Analysis, Budget Coding and Classification from the World Bank and International Public Sector standards from the Public Administration Institute, London and ICT training at Oracle University.

He is an experienced Finance Manager with a track record of success in developing policies, operational, financial management information systems, processes and procedures, managing ministry budgeting, financial management and accounting functions. He has worked on projects such as World Bank-funded El-Nino and Emergency Drought Recovery Projects and was the implementation team leader of the IFMIS at the National Treasury at its inception.

CPA Ogolla has over 28 years of work experience gained from his previous positions as Deputy Director of Budget and Assistant Accountant General at the National Treasury. He also served as Chief Finance Officer in the Ministry of Industrialization and was a Board Member of the Kenya Industrial Estates Limited.



CPA Pamela Okatch
The Fund Administrator

CPA Pamela holds a Master of Business Administration [Finance Option] and a Bachelor of Commerce degree [Finance Option] from the University of Nairobi and the Catholic University of Eastern Africa, respectively. She is a member of the Institute of Public Accountants of Kenya (ICPAK) and the Association of Women Accountants of Kenya (AWAK). She is a Certified Public Secretaries (CPS) Finalist. She is also a Board Member of the AWAK.

Pamela has over 15 years of experience in the accounting and finance field. She is well versed in accounting systems and practice and has attended various courses of professional training, conferences, and workshops both locally and overseas in financial Management.

Previously, she worked as a Senior Accountant for the Kenya Institute of Special Education (KISE) and as Head of Finance and Administration and Jaribu Credit Traders Limited.

4. Chairman's Report

With great pleasure, I forward, on behalf of the OCOB Staff Mortgage Scheme Committee, the Office of the Controller of Budget Staff Mortgage Scheme Financial Statements for the financial year ending June 30, 2022. The financial statements present the financial performance of the Scheme over the past financial year and prior-period comparative in compliance with IPSAS1.

Review of performance

The OCOB Staff Mortgage Scheme's key objective is to support employees in acquiring residential property at a subsidized interest rate. During the reporting period, the Scheme maintained an interest rate of 3% as the cost of borrowing. This low cost of borrowing increased the number of loan applicants from eight (8) in FY2020/21 to thirteen (13) at the end of FY 2021/2022, with disbursements increasing from **Kshs. 52,101,151** to **Kshs. 95,664,873** respectively.

Since inception, the Mortgage Committee has so far approved Kshs.148,518,500 in loans to staff.

This benefit has not only played a role in the attraction, motivation and retention of staff but also enhanced the realization of highly motivated, dedicated and committed staff.

Since inception, a total sum of Kshs. 350,000,000 has been received from the exchequer for the Staff Mortgage Fund. During the year under review, OCOB received additional capital funds amounting to Kshs.100,000,000. Overall, capital injection in exchequer transfers increased by 40%. In contrast, revenue growth increased by 10.2% from the previous financial year, mainly from the interest income received on the Scheme fixed deposit account.

Challenges

Since its inception, the office has faced several challenges in implementing the mortgage scheme. These challenges include delays in processing and disbursements of the mortgage by the scheme manager (HFCK), lengthy conveyancing processes leading to delays in accessing the facility, and low uptake due to the long conveyancing processes.

Future outlook

The outlook of the Fund for FY 2022/2023 looks bright. The office is in the process of full implementation of the SRC Circular on benefits to public offices by establishing a Car Loan Scheme.

The Scheme focuses on building a robust and sustainable fund with a motivated workforce and structures that enhance seamless service delivery. The Scheme looks forward to continued support from the national government and other stakeholders to realize its full potential as a stable and sustainable revolving fund.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the National Government, the Fund Managers, OCOB Management, the Fund Auditors, Stakeholders, the Fund Committee Members and Staff for their continued support towards realizing the objectives of the OCOB Staff Mortgage Fund.

We shall endeavour to support staff through continuous engagements with the bank to ensure that more employees benefit from the Scheme.

I look forward to your continued support in the Financial Year 2022/2023.

Signed: _____


Committee Chair

CPA Macklin Ogolla

ICPAK Member: 4077

Date: 13th January, 2023

5. Report of the Scheme Administrator

Performance Summary

The OCOB Staff Mortgage Fund's key objective is to support employees in acquiring mortgage facilities with subsidized interest rates. During the reporting period, the Scheme maintained an interest rate of 3% as the cost of borrowing. This low cost of borrowing increased the number of loan applicants from eight (8) in FY2020/21 to thirteen (13) in FY 2021/2022, with disbursements increasing from Kshs. 52,101,151 to Kshs. 95,664,873 with a further Kshs. 17,856,745 that has been approved and committed for buy and build projects disbursements, giving rise to Kshs. 116,553,500, translating to a 55% increase in loan absorption during the period under review. In addition, five (5) applicants currently have loan applications at different levels of approval amounting to Kshs.31,965,000.

During the year under review, the Scheme's capital was increased by Kshs. 100,000,000 from Kshs.250,000,000 to Kshs.350,000,000 which earned a cumulative interest of Kshs. 9,763,702.79 from the unutilized account and Kshs. 2,412,705 expensed as administrative fees were earned from the utilized account.

A total of thirteen (13) staff members from different cadres have benefitted from the Scheme. HFC has continued to conduct due diligence for all loan applications to minimize property acquisition risks.

Income

The Scheme earned revenues amounting to Kshs. 8,299,148 net of tax from exchange transactions in the year under review compared to Kshs. 7,532,547 earned in the previous year, translating to a 10.2% increase in interest growth.

Capital

During the year under review, OCOB received additional capital funds amounting to Kshs.100,000,000. Since inception, a total sum of Kshs. 350,000,000 has been received from the exchequer for the Staff Mortgage Fund. Overall, capital injection in exchequer transfers increased by 40%.

In contrast, revenue growth increased by 10.2% from the previous financial year, mainly from the interest income received on the Scheme fixed deposit account.

Expenditures

i) Taxes

The fund managers withheld tax on interest of Kshs.1,464,555 charged at the prevailing tax rate of 15% on total interest income earned of Kshs. 9,763,703 during the FY 2021/22 compared to Kshs.1,129,882 withheld and paid during the previous year-FY 2020/21 representing an increase of 30% on tax charged and paid to Kenya Revenue Authority (KRA).

ii) Administration fees

The contract agreement No. 13/2018-2019 on the provision of mortgage administration services provides that interest on mortgage loans is at 3% per annum on a reducing balance basis, all paid to Housing Finance (HF.) Ltd as administration costs. During the period under review, Kshs. 2,412,705 was earned as interest from issued mortgage loans and expensed as administration costs as per the contract terms as compared to Kshs 737,398 in the FY 2020/2021

iii) Insurance and Ledger Fees

Insurance charges and ledger fees amounting to Kshs.675,440.00 and Kshs.37,150 was charged from the Mortgage Scheme as part of the expenses.

Signed: _____



Scheme Administrator

CPA Pamela Okatch

ICPAK Member: 7884

Date: 13th January, 2023

6. Statement of Performance against Predetermined Objectives

The OCOB Staff Mortgage Scheme has one strategic pillar/ theme and objectives within the current Strategic Plan. This strategic pillars/ themes/ issue is as follows:

- Pillar /theme: **To attract and retain a productive and motivated work force**

The OCOB Staff Mortgage Scheme develops its annual work plans based on the above pillar/Theme/Issue. Assessment of the Committee's performance against its annual work plan is done quarterly. The OCOB Staff Mortgage Scheme achieved its performance targets set for the FY 2021/2022 period for its one strategic pillar, as indicated in the diagram below:

Strategic Pillar/Theme Program	Objective	Outcome	Key Performance Indicators	Achievements
Control and Management of Public Finance	To attract and retain a productive and motivated human resource	Increased number of staff accessing the mortgage	Number of staff who accessed the mortgage loans and percentage of staff retained in OCOB	The staff who accessed the mortgage loans rose from eight (8) in FY 2020/21 to thirteen (13) in FY 2021/2022, leading to a motivated workforce and retention of staff in OCOB.

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012, requires the Accounting Officer to include a statement of the National Government Fund's performance against predetermined objectives in the financial statements.

The key strategic objectives are contained in the OCOB 2018-2022 Strategic Plan. However, to comply with the Salaries and Remuneration Commission (SRC) guidelines, Circular Ref. No: SRC/ADM/CIR/1/13 Vol. III (128) dated December 17, 2014, that initialized the establishment of

the Fund, the OCOB 2018-2022 Strategic Plan incorporated the following as one of its strategic objectives.

- **To attract and retain a productive and motivated work force**

To realize this strategic objective, the OCOB Mortgage Scheme relied on its strategic objectives to guide activities, policy formulation and work plans. It made the following progress and achievements towards its targeted goal during FY 2021/2022.

7. Corporate Governance Statement

a. Introduction

The OCOB Mortgage scheme is a revolving fund established according to the Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) dated December 17, 2014, and Section 24 (4)(5)(6)(7) of the Public Finance Management (PFM) Act 2012 and regulation 127 (1)(2) of the PFM (National Government) Regulations, 2015. Its mandate is to provide housing mortgage loans to members of staff. The Scheme is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. A formal governance structure with the Committee at its apex is essential to establishing a corporate governance framework in the Fund. The operations of the Fund are governed by OCOB Staff Mortgage Scheme Guidelines, 2018 and PFM Act, 2012, PFM (National Government) Regulations, 2015 SRC Circulars, National Treasury Circulars and any other government legislations.

b. Process of Appointment and Removal of Committee Members

Clause 6 & 8 of the OCOB Staff Mortgage Guidelines of 2018 provides for the appointment of a committee and Administrator of the Fund. The Committee is made up of eight members, including the chairperson and a secretary and is responsible for the long-term strategic direction of the Fund. The Committee exercises leadership, enterprise, integrity and judgement in directing the Fund.

c. Roles and functions of the Administration Committee members

The function of the Committee includes: receiving and processing applications for loans following the existing terms and conditions of borrowing; liaising with the service provider (financial institution) to set up the revolving Fund for disbursement of loans; forward the successful applications with recommendations to the Controller of Budget for approval before delivering to the financial institution; consider and recommend approval of the financial statements; and such other duty as may be assigned by the Controller of Budget.

d. Number of Scheme Administration Committee meetings held and the attendance at those meetings by members

The Committee meets monthly or as required to monitor the implementation of the Scheme. During the year under review, the Committee met four times, as shown below:

S.No.	Name	Meeting Dates			
		August 13, 2021	August 24, 2021	February 23, 2022	March 31, 2022
1.	CPA Macklin Ogolla	√	-	√	-
2.	CPA Pamela Okatch	√	√	√	-
3.	CPA Mark Kipkoech	-	√	√	√
4.	Ms Irene Arimi	√	√	√	-
5.	Ms Judith Muli	√	-	√	√
6.	Mr Waweru Tuti	√	√	√	√
7.	Mr Hassan Sheikh	√	-	√	√
8.	Ms Winfred Njeri	-	√	-	√

e. Existence of a service charter

The Committee developed a conduct of business document to provide a framework for operations of the Committee. The framework provides for the quorum of meetings, schedule of meetings and provision for special sessions, conflict of interest, creating a sub-committee to deal with audit and compliance issues, confidentiality and proper records management.

f. Conflict of interest

The framework provides guidelines on dealing with conflict of interest. The Committee maintains a register on the declaration of conflict of interest, which is signed at the beginning of each meeting.

g. Committee Remuneration

The Committee members have not earned any remuneration since the inception of the OCOB Staff Mortgage Scheme. However, the Committee members have continued discharging their duties diligently.

h. Ethics and conduct as well as governance audit

Internal Control

The Committee is responsible for reviewing the effectiveness of the Fund's system of internal controls, which is designed to provide reasonable, not absolute, assurance regarding safeguarding assets against unauthorized use or disposition. The Committee also maintains proper accounting records and ensures the reliability of financial information used within the business or for

publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Management Team

The management team headed by the Chair of the Mortgage Committee and the Fund Administrator implements the committee decisions and policies through action plans. The team regularly reviews these action plans to ensure that the Committee's objectives are effectively and efficiently.

Audit

The Auditor General is responsible for the statutory audit of the Office of the Controller of Budget Staff Mortgage Scheme Fund in accordance with the provisions of Art. 226 (3) and Art.229 (4) (b) of the Constitution of Kenya, 2010, section 24 (10) (b) and section 84 (3) of the PFM Act, 2012 and section 35 of the Public Audit Act, 2015.

The audit issues raised in the FY 2020/2021 were resolved, and the scheme financial statements were reported to present fairly in all material aspects the true financial position of the Scheme. The auditors of the Scheme, thus, issued an unqualified audit opinion.

Statement of Compliance

The Committee confirms that the Fund has, throughout the FY 2021/2022, complied with all statutory and regulatory requirements and has been managed under the principles of good corporate governance.

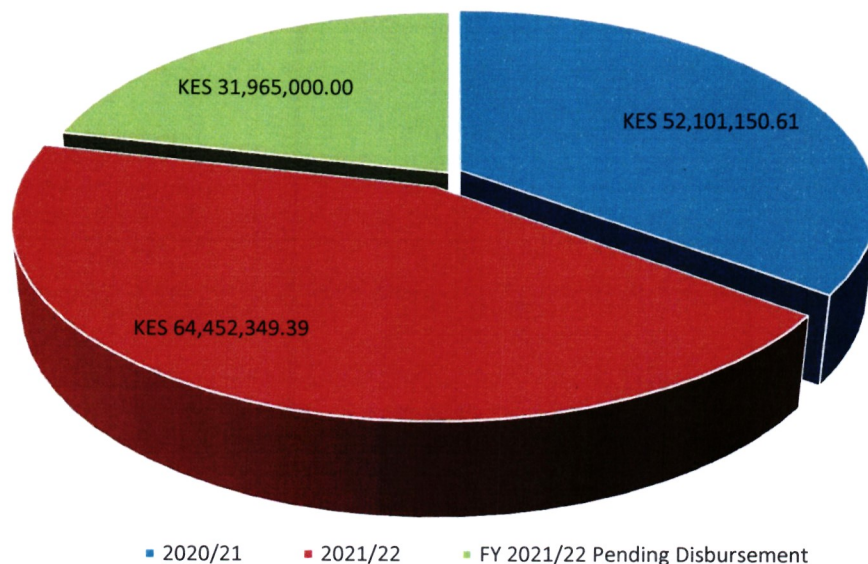
8. Management Discussion and Analysis

a. The operational and financial performance of the Scheme during the period

During the financial year, the Scheme maintained an interest rate of 3% as the cost of borrowing as guided by the SRC Circular. This low cost of borrowing increased the number of loan applicants from eight (8) in FY2020/21 to thirteen (13) in FY 2021/2022, with disbursements increasing from Kshs.52,101,151 to Kshs.95,664,873 with a further Kshs. Kshs. 17,856,745 that has been approved and committed for buy and build projects disbursements, giving rise to Kshs.116,553,500, respectively. This translates to a 55% loan absorption increase during the review period.

In addition, five (5) applicants currently have loan applications at different levels of approval amounting to Kshs.31,965,000. The total loans approved by the Committee as of June 30, 2022, amount to Kshs. 148,518,500.

MORTGAGE DISBURSEMENTS



During the year under review, the Scheme's capital was increased by Kshs100,000,000 from Kshs.250,000,000 to Kshs.350,000,000, earning a cumulative interest of Kshs 9,763,703 from the unutilized account, while Kshs 2,412,705 expensed as administrative fees also came from the utilized account.

Thirteen (13) staff members drawn from different cadres have benefitted from the Scheme. HFC has continued to conduct due diligence for all loan applications to minimize property acquisition risks. Further, five (5) officers have had approvals of their loan applications but are at various conveyancing stages.

As of June 30, 2022, the status of the mortgage loan disbursements was as follows:

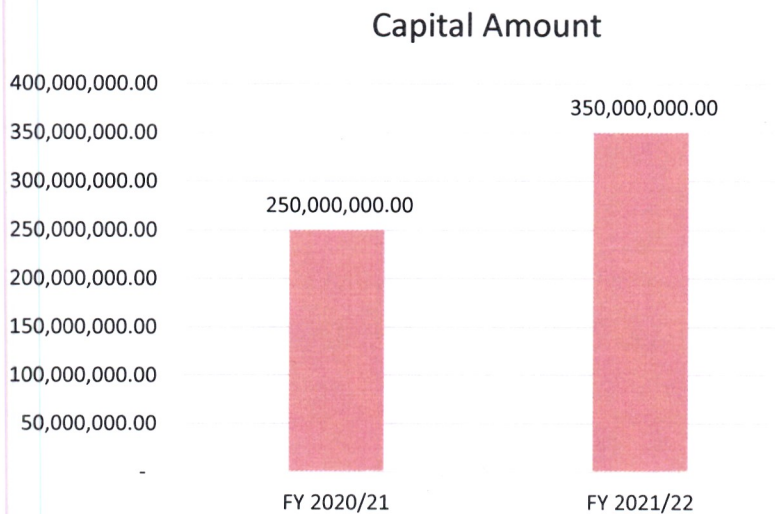
#	Name of the Borrower	Mortgage Loan Disbursed (Kshs.)	Instalment disbursements for buy & build projects (Kshs.)	Approved Mortgage Loan (Kshs.)
1	Nancy Mutua Kendi	10,000,000.00	-	-
2	Ben Makhanu Simiyu	7,100,000.00	-	-
3	Philemon Ronoh Kipkosgei	9,000,000.00	-	-
4	George Tuti Waweru	11,100,000.00	-	-
5	Theodora Ochichi Bosibori	4,561,570.00	1,671,930.00	-
6	Sally Rono Jepkorir	8,000,000.00	-	-
7	Nicodemus Oyalo Brownley	9,246,180.00	753,820.00	-
8	Denis Okungu Ogwel	6,376,255.00	4,193,745.00	-
9	Jackline Ogalo Kaziga	10,000,000.00	-	-
10	Joseph Marembo Ooko	8,550,000.00	-	-
11	Lilian Nyambu Wawuda	2,442,270.00	3,557,730.00	-
12	Norah Mogaka	10,000,000.00	-	-
13	Julius Kihara Cheche	2,320,479.60	7,679,520.40	-
14	Charles Kaboi Gachoki	-	-	7,650,000
15	Praxcides Ajiambo	-	-	3,600,000
16	Cheboi Kipyatich Thomas	-	-	6,615,000
17	Antonette Apiyo Kanani	-	-	7,500,000
18	Rose Apunda	-	-	6,600,000
Total		98,696,754.60	17,856,745.40	31,965,000.00
Grand Total				148,518,500.00

Income

The Scheme earned revenues amounting to Kshs.8,299,147 net of tax from exchange transactions in the year under review compared to Kshs 7,532,547 made in the previous year, translating to a 10.2% increase in interest growth.

Capital

During the year under review, OCOB received additional capital funds amounting to Kshs.100,000,000. Since inception, a total sum of Kshs 350,000,000 has been received from the exchequer for the Staff Mortgage Fund. Overall, capital injection in exchequer transfers increased by 40%.



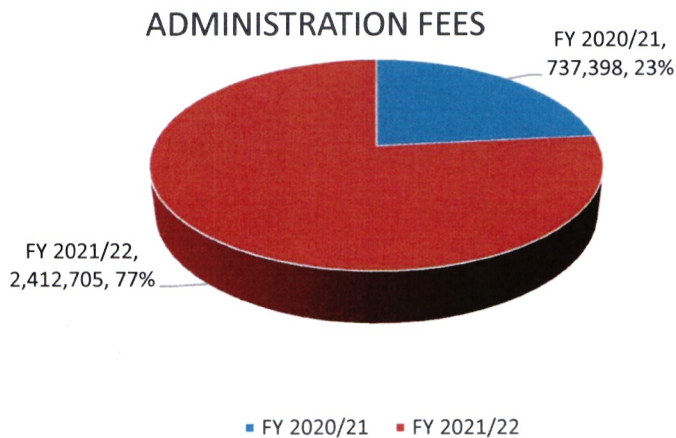
Expenditures

iv) Taxes

The fund managers withheld and paid tax on interest of Kshs.1,250,361 charged at the statutory tax rate of 15% on total interest income earned of Kshs. 9,763,703 during the FY 2021/22 compared to Kshs.1,129,882 withheld and paid during the previous year-FY 2020/21 representing an increase of 11% on tax charged and paid to Kenya Revenue Authority (KRA).

v) Administration fees

The contract agreement No. 13/2018-2019 on the provision of mortgage administration services provides that interest on mortgage loans is at 3% per annum on a reducing balance basis, all paid to Housing Finance (HF.) Ltd as administration costs. During the period under review, Kshs.2,412,705 was earned as interest from issued mortgage loans and expensed as administration costs as per the contract terms as compared to Kshs 737,398 in the FY 2020/2021



vi) Insurance and Ledger Fees

Insurance charges and ledger fees amounting to Kshs.675,440 and Kshs.37,150.00 was charged from the Mortgage Scheme as part of the expenses.

b. Fund's compliance with statutory requirements,

The Committee confirms that the Fund has, throughout the FY 2021/2022, complied with all statutory and regulatory requirements and has been managed under the principles of good corporate governance.

c. Other relevant information to the users of the financial statements

Changing government policy may lead to changes in the mortgage guidelines, which may hamper the current scheme benefits, e.g. the low-interest rates and an extended repayment period.

9. Environmental and Sustainability reporting

Corporate social responsibility is an integral part of our culture. As a responsible organization, we respect the interests of our stakeholders – our employees, customers, suppliers and the wider community. We actively seek opportunities to improve the environment and contribute to the well-being of our communities.

During the financial year 2021/22, the Fund did not carry-out any CSR. However, the Committee is looking forward to getting involved more in CSR activities in FY 2022/23.

10. Report of the Scheme Administration Committee

The Scheme Administration Committee submits the report together with the financial statements for the year ended June 30, 2022, which show the state of the Scheme affairs.

Principal activities

The principal activity of the Scheme is to provide financing to the members of OCOB staff to purchase, develop or renovate a residential property.

Performance

The performance of the Fund for the year ended June 30, 2022, is as set out on pages xxiv to xxvii for non-financial and pages 1 to 30 for financial.

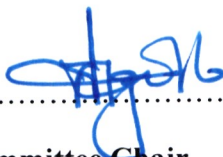
Committee

The members of the Committee who served during the year are as shown on page-vii.

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 Committee



.....
Committee Chair
CPA Macklin Ogolla
ICPAK Member: 4077

Date: 13th January, 2023

11. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012, requires the Administrator of a Fund established by the Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) dated December 17, 2014, and Section 24 (4)(5)(6)(7) of the Public Finance Management (PFM) Act, 2012 and regulation 127 (1)(2) of the PFM (National Government) Regulations, 2015 to prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for preparing and presenting the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for the financial year ended on June 30, 2022. 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 Fund accepts responsibility for the Fund'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 Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) dated December 17, 2014, and Section 24 (4)(5)(6)(7) of the Public Finance Management (PFM) Act 2012 and regulation 127 (1)(2) of the PFM (National Government) Regulations, 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of the Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as of that date.

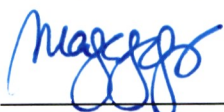
The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in preparing the Fund's financial statements and the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Scheme's financial statements were approved by the Committee on 13th January, 2023 and signed on its behalf by:



Controller of Budget
CPA Dr. Margaret Nyakang'o
ICPAK Member: 2145



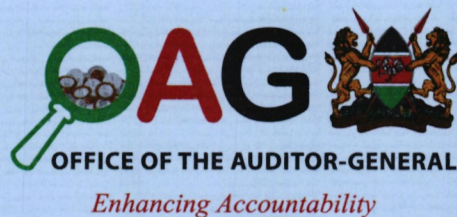
Mortgage Fund Administrator
CPA Pamela Okatch
ICPAK Member Number: 7884



Committee Chair
CPA Macklin Ogolla
ICPAK Member: 4077

REPUBLIC OF KENYA

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



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE OFFICE OF THE CONTROLLER OF BUDGET STAFF MORTGAGE SCHEME FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Office of the Controller of Budget Staff Mortgage Scheme set out on pages 1 to 30, which comprise of the statement

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Controller of Budget Staff Mortgage Scheme as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the 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 of Supreme Audit Institutions (ISSAIs). I am independent of the Office of the Controller of Budget Staff Mortgage Scheme Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Scheme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 January, 2023

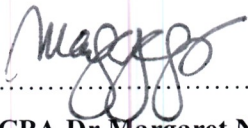
*Office of the Controller of Budget Staff Mortgage Scheme
Annual Report and Financial Statements for the year ended June 30, 2022*


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


Description	Note	2021/22	2020/21
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest income	7	12,176,408	8,269,945
Total revenue		12,176,408	8,269,945
Expenses			
Use of goods and services	8	(2,412,705)	(737,398)
Total expenses		(2,412,705)	(737,398)
Surplus/(deficit) before tax		9,763,703	7,532,547
Taxation	9	(1,464,555)	(1,129,882)
Surplus/Deficit after Tax		8,299,148	6,402,665

(The notes on pages 19 to 30 form an integral part of these Financial Statements).

The financial statements were approved on 13th January, 2023 by:


.....
CPA Dr Margaret Nyakango
ICPAK M/No:2145
Controller of Budget

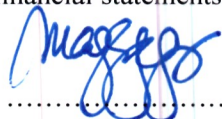

.....
CPA Pamela Okatch
ICPAK M/No:7884
Fund Administrator


.....
CPA Macklin Ogolla
ICPAK M/No: 4077
Chairperson of the Scheme

14. Statement of Financial Position as at June 30 2022

Description	Note	2021/22	2020/21
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	10	342,803,823	260,718,445
Receivables from exchange transactions	12	1,213,769	-
Receivables from Non- exchange transactions	6, 13	25,000,000	-
Total Current Assets		369,017,592	260,718,445
Non-current assets			
Receivables from exchange transactions	12	95,664,873	52,101,151
Total Non-current assets		95,664,873	52,101,151
Total Assets		464,682,465	312,819,596
Liabilities			
Trade and other payables	14	(95,664,873)	(52,101,151)
Total Liabilities		(95,664,873)	(52,101,151)
Net Assets		369,017,592	260,718,445
Mortgage revolving fund		350,000,000	250,000,000
Prior year adjustment			
Accumulated Surplus (<i>Reserves</i>)		19,017,592	10,718,445
Total Net Assets and Liabilities		369,017,592	260,718,445

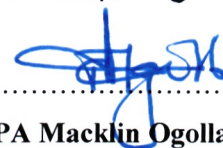
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 13th January, 2023 and signed by:



CPA Dr Margaret Nyakango
ICPAK M/No:2145
Controller of Budget



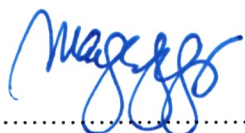
CPA Pamela Okatch
ICPAK M/No:7884
Fund Administrator



CPA Macklin Ogolla
ICPAK M/No: 4077
Chairperson of the Scheme

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

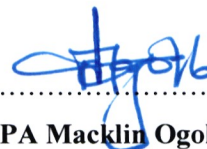
Description	Mortgage Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
As at July 1 2020	150,000,000	4,315,779	154,315,779
Surplus/(deficit) for the period	-	6,402,665	6,402,665
Funds received during the year	100,000,000	-	100,000,000
As at June 30 2021	250,000,000	10,718,444	260,718,444
Balance as at July 1 2021	250,000,000	10,718,444	260,718,444
Surplus/(deficit) for the period	-	8,299,148	8,299,148
Funds received during the year	100,000,000	-	100,000,000
As at June 30 2022	350,000,000	19,017,592	369,017,592



CPA Dr. Margaret Nyakango
ICPAK M/No:2145
Controller of Budget



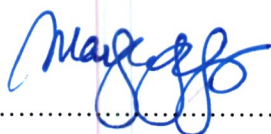
CPA Pamela Okatch
ICPAK M/No:7884
Fund Administrator



CPA Macklin Ogolla
ICPAK M/No: 4077
Chairperson of the Scheme

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

Description	Note	2021/22 Kshs.	2020/21 Kshs.
Cash flows from operating activities			
Receipts			
Interest income received from Fixed Deposit Account		8,335,739	8,269,945
Interest income received from Mortgage loan Disbursed		2,412,705	-
Total Receipts		10,748,444	8,269,945
Payments			
Use of goods and services		(1,700,115)	737,398
Finance cost		(712,590)	-
Tax		(1,250,361)	1,129,882
Total payments		(3,663,066)	(1,867,280)
Net cash flow from operating activities	18	7,085,378	6,402,665
Cash flows from investing activities			
Proceeds from principal loan repayments	11(b)	2,571,392	460,489
Loan disbursements paid out	11(b)	(98,236,265)	(52,561,640)
Net cash flows used in investing activities		(95,664,873)	(52,101,151)
Cash flows from financing activities			
Receipts into the mortgage revolving fund	6	75,000,000	100,000,000
Outstanding loan disbursements	11(b)	95,664,873	52,101,151
Net cash flows used in financing activities		170,664,873	152,101,151
Net increase/(decrease) in cash and cash equivalents		82,085,378	106,402,665
Cash and cash equivalents at July 1	10	260,718,445	154,315,779
Cash and cash equivalents at June 30	10	342,803,823	260,718,445



CPA Dr. Margaret Nyakango
ICPAK M/No:2145
Controller of Budget



CPA Pamela Okatch
ICPAK M/No:7884
Fund Administrator



CPA Macklin Ogolla
ICPAK M/No: 4077
Chairperson of the Scheme

17. Statement of Comparison of Budget and Actual amounts for the year ended June 30 2022

Description	Original budget	Adjustments	Final budget	Actual on a comparable basis	Performance difference	% of utilization
	Kshs. A	Kshs. b	Kshs. C=(a+b)	Kshs. d	Kshs. e=(c-d)	F=d/c
Revenue						
Capital Funds	100,000,000	-	100,000,000	100,000,000	-	100%
Interest income	-	-	-	12,176,408	(12,176,408)	-
Total Revenue	100,000,000	-	100,000,000	112,176,408	(12,176,408)	112%
Expenses						
Use of goods and services	-	-	-	1,700,115	(1,700,115)	-
Finance cost	-	-	-	712,590	(712,590)	-
Expenditure	-	-	-	(2,412,705)	(2,412,705)	
Surplus/Funds available for the Period	100,000,000	-	100,000,000	109,763,703	(9,763,703)	110%
Capital Expenditure	-	-	-	-	-	-


.....

CPA Dr. Margaret Nyakango
ICPAK M/No:2145
Controller of Budget


.....

CPA Pamela Okatch
ICPAK M/No:7884
Fund Administrator


.....

CPA Macklin Ogolla
ICPAK M/No: 4077
Chairperson of the Scheme

*Office of the Controller of Budget Staff Mortgage Scheme
Annual Report and Financial Statements for the year ended June 30, 2022*

The total budget and actual on a comparable basis do not tie to the statement of financial performance totals due to differences in accounting basis. The statement of financial performance is presented under IPSAS-Accrual basis, thus showing the interest earned by the Fund at Kshs 12,176,408. In contrast, the Statement of Budget Comparison is given under IPSAS-Cash basis amounting to Kshs 100,000,000 as additional capital to the Fund arising from the OCOB recurrent account budget.

Further, the statement of financial performance and statement of comparison of budget shows Kshs 8,299,148 and Kshs.109,763,703, respectively, as surplus to the Fund because of the difference in accounting methods as explained above.

18. Notes to the Financial Statements

1. General Information

The Office of the Controller of Budget Staff Mortgage Scheme is established by and derives its authority and accountability from the Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) dated December 17 2014, and Section 24 (4)(5)(6)(7) of the Public Finance Management (PFM) Act 2012 and regulation 127 (1)(2) of the PFM (National Government) Regulations, 2015. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to provide mortgage loans to OCOB staff members.

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. Preparing financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows for using estimates and assumptions. It also requires Management to exercise judgement in applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

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) Accrual Basis. 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 June 30 2022

IPSASB deferred the application date of standards from January 1 2022, owing to Covid 19, to provide entities with time to effectively apply the standards. The new date was set for January 1 2023.

Notes to the Financial Statements (Continued)

- ii. **New and amended standards and interpretations are in issue but were not effective in the year ended June 30 2022.**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: January 1 2023:</p> <p>IPSAS 41 to establish principles for the financial reporting of financial assets and liabilities will present relevant and valuable information to users of financial statements to assess the amounts, timing and uncertainty of a Fund's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29 by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that consider the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that applies to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in the scope of the guidance. The model develops a strong link between a Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>There was no impact of the Standard to the current financial report of the Scheme</i></p>
IPSAS 42: Social Benefits	<p>Applicable: January 1 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The</p>

Standard	Effective date and impact:
	<p>information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Fund;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits on the Fund's financial performance, financial position and cash flows.</p> <p><i>There was no impact of the Standard to the current financial report of the Scheme</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: January 1 2023:</p> <p>a) Amendments to IPSAS 5 to update the guidance related to borrowing costs' components were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30 regarding illustrative examples of hedging and credit risk were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30 to update the guidance for accounting for financial guarantee contracts were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33 to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>There was no impact of the Standard to the current financial report of the Scheme</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable January 1 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement

Standard	Effective date and impact:
	<p>Standard is no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41, which is applicable from January 1 2023.</p> <p><i>There was no impact of the Standard to the current financial report of the Scheme</i></p>
IPSAS 43	<p><i>Applicable January 1 2025</i></p> <p>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 leases have on the financial position, financial performance and cash flows of the Fund.</p> <p>The new Standard requires entities to recognize, measure and present information on the right of use assets and lease liabilities.</p> <p><i>There was no impact of the Standard to the current financial report of the Scheme</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable January 1 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale are to be presented separately in the statement of financial position, and the results of discontinued operations are to be shown separately in the statement of financial performance.</p> <p><i>There was no impact of the Standard to the current financial report of the Scheme</i></p>

iii. **Early adoption of standards**

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

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b. Budget information

The original budget for the OCOB for FY 2021/22 was Kshs. 689,122,143. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity adds the additional appropriations to the original budget upon receiving the respective approvals to conclude the final budget. The final approved budget thus stood at Kshs 649,622,143, out of which the Mortgage Fund recorded additional appropriations of Kshs 100,000,000 in the year under review

Accordingly, the Scheme recorded additional appropriations of Kshs.100,000,000 where Kshs 75,000,000 was received in the scheme account on April 28, 2022. In contrast, Kshs. 25,000,000 was received on July 8, 2022, out of the FY 2021/2022 budget, following the governing body's approval.

The Fund's budget is prepared differently 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. In contrast, the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the

same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the comparison of budget and actual amounts as per the statement of financial performance has been presented under section 8 of these financial statements.

c. Property, plant, and equipment (PPE)

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a primary inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, it is initially measured at its fair value.

d. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the exchange date. Following initial recognition, intangible assets are carried at a cost less than accumulated amortization and impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized, and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

Significant Accounting Policies (Continued)

e. Financial instruments

1) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Fund has a positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, with less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Significant Accounting Policies (Continued)

Impairment of financial assets

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Fund is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (*an incurred 'loss event'*) and that loss event has an impact on the estimated future cash flows of the Fund that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the Fund are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

2) Financial liabilities

Initial recognition and measurement

As appropriate, financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Significant Accounting Policies (Continued)

f. Contingent liabilities

The Fund 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.

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. Suppose 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.

h. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. No fund reserves were maintained during the period under review

i. Changes in accounting policies and estimates

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

j. Prior Period Adjustment

During the year, errors that have been corrected are disclosed under note 10,11, and 12 explaining the nature and amounts.

k. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the transaction date. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that

date. Exchange differences arising from the settlement of creditors or the reporting of creditors at rates different from those at which they were initially recorded during the period are recognized as income or expenses in the period in which they arise.

Significant Accounting Policies (Continued)

l. 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. Key Management members are regarded as related parties and comprise the Directors/ Trustee, the Fund Managers, and Fund Accountant.

m. 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Housing Finance Corporation of Kenya Ltd

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the Office of the Controller of Budget. Its ultimate parent is the Government of Kenya.

q. Currency

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

Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

Preparing the Fund's financial statements in conformity with IPSAS requires Management to make judgments, estimates and assumptions that affect the reported 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 Fund. Such changes are reflected in the assumptions when they occur. *(see IPSAS 1.140.)*

b) Useful lives and residual values

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

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

Notes to the Financial Statements

6. Transfers from the Office

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers	100,000,000	100,000,000
Total	100,000,000	100,000,000

The transfers refer to the additional capital sum received from the exchequer to the fund account during the period.

In the FY 2021/22, Kshs.100,000,000 was budgeted and appropriated for the Fund. However, Kshs.75,000,000 was transferred to the fund account on April 28, 2022, whereas Kshs 25,000,000 was transferred on July 8, 2022.

7. Interest income

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest Income from Mortgage Loans	2,412,705	737,398
Interest Income on Bank Deposits	9,763,703	7,532,547
Total Interest Income	12,176,408	8,269,945

*The Interest Income of **Kshs.9,763,703** relates to the total interest earned on the capital sum deposited in the Free Fund (High Interest) Account at an annualized 91-day Treasury Bill Rate minus 1%.*

*The interest income of **Kshs.2,412,705** constitutes interest earned from the issued mortgage loan. It refers to the total interest deducted from loan beneficiaries at an approved interest rate of 3% per annum on a reducing balance basis, all earned and paid as administration costs to the scheme manager, the Housing Finance (HFC) Ltd as per the existing contract agreement terms.*

8. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
Administration fees	2,412,705	737,398
Total	2,412,705	737,398

The administration fees of Kshs.2,412,705 relates to the total interest deducted from loan beneficiaries at an approved interest rate of 3% per annum on a reducing balance, all earned and paid as administration costs to the mortgage administrator, the Housing Finance (HF.) Ltd as per the existing contract agreement terms

9. Taxation

Description	2021/22	2020/21
	Kshs.	Kshs.
Tax Charged on Interest Income	1,464,555	1,129,882
Income Tax expense	1,464,555	1,129,882

10. Cash and cash equivalents

Description	2021/22	2020/21
	Kshs.	Kshs.
OCOB Mortgage Accounts:		
Fixed Deposit-High Interest Account (Free Fund Account)	247,138,950	208,617,294
Back-Up Account	95,664,873	52,101,151
Total Cash and Cash equivalents	342,803,823	260,718,445

*The scheme back-up account holds funds disbursed to the loan beneficiaries. It shall, thus, have a balance equivalent to the total aggregate disbursed mortgage loan amount. The back-up account also holds the loan principal repaid by the borrowers before it is transmitted to the high-interest account. As at June 30, 2022, and June 30, 2021, the back-up account balance was **Kshs.95,664,873** and **Kshs.52,101,151**, respectively. A Certificate of Bank Balance issued by the Fund Manager, supports the closing balances in the Free Fund Account and Back-Up Accounts at the end of the reporting period. The balance in the Back Up Account does not earn interest as specified under the agreement.*

The amount in the Back-Up Account shall at all times be equivalent to the total aggregate disbursed mortgage loan amount. Under the contract terms, OCOB has mandated the Fund Manager to transfers funds from the Free Fund Account into the Back-Up Account in order to ensure that the balance in the back-up account is at all times equivalent to the total outstanding loan amount advanced under the scheme.

It is therefore, probable that the loans disbursed shall be repaid beyond one accounting period and that the balance in the Back-Up Account records the principal repayments and holds the outstanding mortgage loan amount.

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

Financial Institution	Account number	2021/22 Kshs.	2020/21 Kshs.
Mortgage Loan Fund			
Fixed Deposit Accounts			
Free Fund Account			
-OCOB High-Interest Account Housing Finance Company of Kenya Ltd	9289753401-0	247,138,950	208,617,294
Sub- Total		247,138,950	208,617,294
Scheme Back-Up Account			
Back-Up Account-			
Housing Finance Company of Kenya Ltd	9289753101-0	95,664,873	52,101,151
Sub- Total		95,664,873	52,101,151
Grand Total		342,803,823	260,718,445

The Cash and Cash Equivalent of Kshs. 260,718,445 reported as at 30th June, 2021 is accumulation of bank balance in the Fixed Deposit Account of Kshs. 208,617,294 being considered as actual cash and cash equivalent for the period and the Back-Up Account balance of Kshs. 52,101,151 being amount of loan disbursed and recognized as receivables in the financial statements.

Consequently, the Total Cash and Cash Equivalent as at 30th June, 2022 of Kshs 342,803,823 comprise of Kshs.247,138,950 being Fixed Deposit Account bank balance and Kshs.95,664,873 being loan disbursements paid out and balance of the scheme back-up account which has been recognized and reported as receivables for the period under review.

The balances are supported by Bank Balance Certificates annexed in the financial statement report for period that ended 30th June, 2022.

The average effective interest rate to the Free Fund (High Interest) Account is an annualized 91-day treasury bill rate minus 1%. Thus, the applied average actual percentage rates for Q1, Q2, Q3 and Q4 were 6.09%, 5.6%, 6.12% and 2.5%, respectively.

b) During the year under review, the balances in the back-up account, equivalent to total loans disbursed, are analysed below.

MORTGAGE LOANS DISBURSEMENTS AS AT 30TH JUNE, 2022		
#	Staff Name	Amount
1	Nancy Mutua Kendi	10,000,000
2	Ben Makhanu Simiyu	7,100,000
3	Philemon Rono	9,000,000
4	George Tuti Waweru	11,100,000
5	Theodora Ochichi Bosibori	4,561,570
6	Sally Rono Jepkorir	8,000,000
7	Nicodemus Oyalo Brownley	9,246,180
8	Denis Okungu Ogwel	6,376,255
9	Jackline Ogalo Kaziga	10,000,000
10	Joseph Marembo Ooko	8,550,000
11	Lilian Nyambu Wawuda	2,442,270
12	Julius Kihara Cheche	2,320,480
13	Norah Mogaka	10,000,000
	Total Loan Disbursed (a)	98,696,755

PRINCIPAL LOAN REPAYMENT AS AT 30TH JUNE, 2022

Receipt date of Principal Repayment	Total Principal Repaid
15/01/2021	160,168
26/04/2021	300,321
Principal repayment-FY 2020/21 (b)	460,489
Loan disbursements paid out c = (a-b)	98,236,265
19/07/2021	292,957
02/11/2021	615,811
25/02/2022	724,983
28/04/2022	937,641
Principal repayment-FY 2021/22 (d)	2,571,392
Outstanding loan disbursements e=(c-d)	95,664,873
Total Loan Disbursements (a)	98,696,755
Total Principal Repayments f= (b + d)	(3,031,881)
Total Receivables =(a-f)	95,664,873

The receivable of Kshs 95,664,873, as shown in Note 12 below, represents the total loans disbursed of Kshs. 98,696,754 less total principal loan repayment of Kshs. 3,031,881 as tabulated above.

12. Receivables from exchange transactions

Description	2021/22	2020/21
	Kshs.	Kshs.
Current Receivables		
Interest Receivable	1,427,964	-
Accrued Interest	(214,195)	
Total Current Receivables	1,213,769	-
Non-Current Receivables		
Long Term Loan Repayments Due	95,664,873	52,101,151

Total Non-Current Receivables	95,664,873	52,101,151
Total Receivables from Exchange Transactions	96,878,642	52,101,151

The audited comparative receivables of Kshs. 52,202,151 has been re-classified as Non-Current Assets since it relates to the loan amount paid out. Thus, it's probable it will be repaid beyond one financial year.

13. Receivables from Non-Exchange transactions

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from Government Exchequer	25,000,000	-
Total Receivables from Non-Exchange Transactions	25,000,000	-

The amount of Kshs. 25,000,000 was transferred to the Fixed Deposit Account on July 8, 2022, but relates to the exchequer for the current period. This is an additional capital to the Scheme, thus a receivable for the current period.

Notes to the Financial Statements continued

14. Trade and other payables

Description	2021/22	2020/21
	Kshs.	Kshs.
Trade payables	95,664,873	52,101,151
Total trade and other payables	95,664,873	52,101,151

15. Net cash flows from operating activities

	2021/22	2020/21
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	9,763,703	-
Adjusted for:	-	-
Tax	(1,250,361)	-
Working capital adjustments	-	-
Increase in receivables	(1,427,964)	-
Net cash flow from operating activities	7,085,378	-

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Other Disclosures

16. Financial Risk Management

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

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

a) Credit risk

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

Management assesses each customer's credit quality, considering its financial position, experience and other factors. Individual risk limits are set based on internal or external assessments per the directors' limits. The amounts presented in the statement of financial

position are net of allowances for doubtful receivables, estimated by the Fund's Management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At June 30 2022				
Receivables from Exchange Transactions- Car loans and mortgages	-	-	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
	-	-	-	-
At June 30 2021	-	-	-	-
Receivables from Exchange Transactions- Car loans and mortgages	-	-	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

The Committee sets the Fund's credit policies and objectives and lays down parameters for the various aspects of credit risk management.

b) Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than one month	Between 1-3 months	Over five months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At June 30 2022				
Trade Payables	-	-	-	-
Total	-	-	-	-
At June 30 2021	-	-	-	-
Trade Payables	-	-	-	-
Total	-	-	-	-

No contractual undiscounted cash flow balance was due within 12 months under review.

c) Market risk

The Office of the Controller of Budget has put in place an internal audit function to assist it in assessing the risk faced by the Fund on an ongoing basis and evaluating and testing the design and effectiveness of its internal accounting and operational controls.

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

The Fund's Committee is responsible for developing detailed risk management policies (*subject to review and approval by the Audit and Risk Management Committee*) and implementing those policies.

There has been no change to the Fund's exposure to market risks or how it manages and measures the risk.

Other Disclosures Continued

d) Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected due to changes in interest rate levels. The Fund's interest rate risk arises from bank deposits, exposing the Fund to cash flow interest rate risk. The interest rate risk exposure occurs mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure dynamically 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, particularly foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs. 2,231,155 (2021: Kshs. 7,532,547). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. 376,627 (2022 – Kshs. 9,763,703) = (last year revenue) x (1 + 5%).

e) Capital risk management

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

Description	2021/22	2020/21
	Kshs.	Kshs.
Revolving fund	350,000,000	250,000,000
Accumulated surplus (<i>Reserves</i>)	19,017,592	10,718,445
Total funds	369,017,592	260,718,445
Less: cash and bank balances	342,803,823	260,718,445
Net debt/ (excess cash and cash equivalents)	26,427,963	-
Gearing	-%	-%

Other Disclosures Continued

17. Related party balances

a) Nature of related party relationships

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

- a) The National Treasury
- b) Office of the Controller of Budget
- c) Housing Finance Company of Kenya;
- d) Mortgage Scheme Committee; and
- e) Key management personnel

18. 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 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)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

The Scheme was established in FY 2018/19 and operational in FY 2019/2020. The audit issues raised in the FY 2020/2021 were resolved, and the scheme financial statements were reported to present fairly in all material aspects the true financial position of the Scheme. The auditors of the Scheme, thus, issued an unqualified audit opinion.

Fund Administrator



Office of the Controller of Budget Staff Mortgage Scheme

13th January, 2023

OFFICE OF THE CONTROLLER OF BUDGET
OCCB STAFF MORTGAGE SCHEME FINANCIAL STATEMENTS - IPSAS ACCRUAL BASIS
FUND ACCOUNT - TRIAL BALANCE **For the Period Ended 30th June, 2022**

DESCRIPTION	Note	FY 2020/2021		FY 2021/22		FINAL TRIAL BALANCE		PROFIT & LOSS ACCOUNT		BALANCE SHEET	
		Operating Trial Balance Dr.	Cr.	CASH & BANK MOVEMENT Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Non Current Asset:											
Current Assets:											
Receivables				25,000,000	-	25,000,000	-			25,000,000	-
Interest Receivable - Accrued Int income				-	1,213,769	-	1,213,769			1,213,769	-
Bank				-	-	-	-			-	-
Fixed Deposits Account (OCCB High Interest Account) 9289753401-0		208,617,294		38,521,656	-	247,138,950	-			247,138,950	-
Back-Up Account-9289753101-0		52,101,151		43,563,722	-	95,664,873	-			95,664,873	-
Current liabilities:											
Capital											
Capital			250,000,000		100,000,000		350,000,000				350,000,000
Revaluation Reserve											
Surplus			10,718,445				10,718,445				10,718,445
Non Current Liabilities:											
Income Statement:											
Interest Income- Deposit Acc					7,085,378		9,763,703			9,763,703	
Loan Interest Income					2,412,705		2,412,705			2,412,705	
Expenditures											
Administration fees				1,700,115		1,700,115				1,700,115	
Ledger fees				37,150		37,150				37,150	
Insurance Expenses				675,440		675,440				675,440	
WH Tax Paid				-		1,464,555				1,464,555	
ADJUSTMENTS:											
Amortization/Depreciation for the year:	b										8,299,147
Surplus/Deficit for the year											8,299,147
		260,718,445	260,718,445	109,498,083	109,498,083	372,894,852	372,894,853	12,176,408	12,176,408	369,017,591.96	369,017,592.38
<i>Control</i>					(0.42)		(0.42)		0.00		(0.42)

REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET



STAFF MORTGAGE SCHEME
BANK RECONCILIATION
A/C NO. 9289753401- 0

AS AT 30TH JUNE 2022

	Shs.	Shs.
Balance as per Bank Statement		247,138,950.16
<u>Less</u>		
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented chqs)		
2. Receipts in Bank Statement not yet recorded in Cash Book		
		247,138,950.16
<u>Add</u>		
3. Payments in bank Statement not yet recorded in Cash Book		
4. Receipts in Cash Book not yet recorded in Bank Statement	25,000,000.00	25,000,000.00
Balance as per Cash Book		272,138,950.16

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and
the above Reconciliation is correct.

CHEBOI K. THOMAS
Prepared by

ACCOUNTANT
Designation

Signature

Date

PAMELA A. OKATCH
Checked by

CMFA
Designation

Signature

Date

MACKLIN OGOLLA
Approved by

D.C.S
Designation

Signature

Date

REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET



BANK RECONCILIATION STATEMENT

1. PAYMENT IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT

Date	Payee	Cash Book No.	Amount
		Total	-

2. RECEIPT IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK

Date	Particulars	REF/No	Amount
		Total	-

3. PAYMENT IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK

Date	Payee/Particulars	S/Chq No.	Amount
		Total	-

4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT

Date	Particulars	F/No.	Amount
30-Jun-22	Exchequer Receipt		25,000,000.00
		Total	<u>25,000,000.00</u>

16th August 2022.

Our Ref.: SGW/ 9289753101/ 9289753401.

Head Office: Rehani House
Koinange Street/ Kenyatta Avenue
P.O. Box 30088 - 00100
Nairobi, Kenya
Tel: (+254 20) 3262000, 0709 438000
Email: mybank@hfgroup.co.ke
Website: www.hfgroup.co.ke

**CONTROLLER OF BUDGET,
OFFICE OF THE CONTROLLER OF BUDGET,
P.O. BOX 35616-00100,
NAIROBI.**

Dear Sir/Madam,

RE: CERTIFICATE OF BALANCE: OFFICE OF THE CONTROLLER OF BUDGET.

The information requested is as follows:

The above client operates a fixed deposit accounts and a deposit account mortgage scheme whose full title and balances as at 30th June 2022 is as follows (see attached statements).

Type of Account	Title of account	Account Number	Balance as at 30th June 2022	Interest Accrued and not included (Kshs.)
Fixed Term Deposit Account	OCOB Scheme High Interest Account	9289753401	Kshs. 247,138,950.16	Kshs. 1,427,963.55
Mortgage Scheme Deposit	OCOB Scheme Back Up Account	9289753101	Kshs. 95,664,872.78	N/A

We trust the information provided will be of importance to you.

Yours faithfully,

FOR: HFC



SAMSON GICHIA

SCHEMES ADMINISTRATOR.

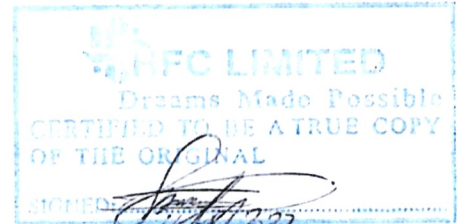


Statement of Account

OCOB SCHEME HIGH INTEREST ACCOUNT

Branch: HEAD OFFICE
Product: 31201
Description: FIXED TERM DEPOSIT ACCOUNT

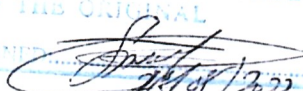
Statement Date: 16/08/2022
Account Number: 9289753401-0
Currency: KES
Account Status: ACTIVE
Customer: 928975 - 1
Address: PO BOX 35616 00100 NAIROBI
 00100 NAIROBI



Signature
 16/08/2022
 J. K. N. M. H. A.

Date Posted	Effective Date	Description	Debit	Credit	Balance
07/07/2021	07/07/2021	INITIAL TERM DEPOSIT TRANSFER		208,617,293.98	208,617,293.98
19/07/2021	19/07/2021	INCREASE CAPITAL TERM DEPOSIT JOURNAL		292,956.90	208,910,250.88
21/07/2021	21/07/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,164,950.00		207,745,300.88
21/07/2021	21/07/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	10,000,000.00		197,745,300.88
30/07/2021	30/07/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,214,910.00		196,530,390.88
16/08/2021	16/08/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,473,200.00		195,057,190.88
21/09/2021	21/09/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	899,500.00		194,157,690.88
21/09/2021	21/09/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,965,620.00		192,192,070.88
30/09/2021	30/09/2021	CREDIT INTEREST		3,042,937.02	195,235,007.90
30/09/2021	30/09/2021	TAX ON CREDIT INTEREST	456,440.55		194,778,567.35
02/10/2021	02/10/2021	TERM DEPOSIT PAYMENT AT EXPIRY JOURNAL	194,778,567.35		0.00

02/10/2021	02/10/2021	INITIAL TERM DEPOSIT TRNFER		194,778,567.35	194,778,567.35
02/10/2021	02/10/2021	PREMATURE PAYMENT JOURNAL-NO INTEREST	194,778,567.35		0.00
02/10/2021	02/10/2021	INITIAL TERM DEPOSIT TRNFER		194,778,567.35	194,778,567.35
04/10/2021	04/10/2021	PREMATURE PAYMENT JOURNAL-NO INTEREST	194,778,567.35		0.00
04/10/2021	04/10/2021	INITIAL TERM DEPOSIT TRNFER		194,778,567.35	194,778,567.35
05/10/2021	05/10/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	8,550,000.00		186,228,567.35
01/11/2021	01/11/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,368,400.00		184,860,167.35
02/11/2021	02/11/2021	INCREASE CAPITAL TERM DEPOSIT JOURNAL		615,811.48	185,475,978.83
02/11/2021	02/11/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	2,025,270.00		183,450,708.83
19/11/2021	19/11/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,082,795.00		182,367,913.83
06/12/2021	06/12/2021	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,713,000.00		180,654,913.83
31/12/2021	31/12/2021	CREDIT INTEREST		2,649,551.77	183,304,465.60
31/12/2021	31/12/2021	TAX ON CREDIT INTEREST	397,432.77		182,907,032.83
06/01/2022	06/01/2022	TERM DEPOSIT PAYMENT AT EXPIRY JOURNAL	182,907,032.83		0.00
06/01/2022	06/01/2022	INITIAL TERM DEPOSIT TRNFER		182,907,032.83	182,907,032.83
06/01/2022	06/01/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,191,950.00		181,715,082.83
07/01/2022	07/01/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,359,475.00		180,355,607.83
25/01/2022	25/01/2022	INCREASE CAPITAL TERM DEPOSIT JOURNAL		724,982.59	181,080,590.42
02/02/2022	02/02/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,419,300.00		179,661,290.42
09/02/2022	09/02/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,367,180.00		178,294,110.42

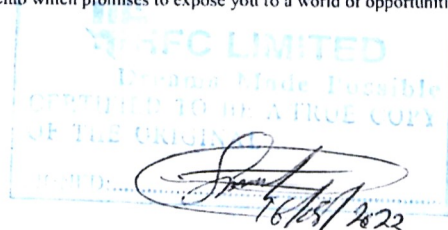

 7/17/22

WELLS FARGO BANK, N.A.
 Deposits Made Possible
 CERTIFIED TO BE A TRUE COPY
 OF THE ORIGINAL
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25/03/2022	25/03/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,660,950.00		176,633,160.42
31/03/2022	31/03/2022	CREDIT INTEREST		2,643,250.45	179,276,410.87
31/03/2022	31/03/2022	TAX ON CREDIT INTEREST	396,487.57		178,879,923.30
08/04/2022	08/04/2022	TERM DEPOSIT PAYMENT AT EXPIRY JOURNAL	178,879,923.30		0.00
08/04/2022	08/04/2022	INITIAL TERM DEPOSIT TRANSFER		178,879,923.30	178,879,923.30
28/04/2022	28/04/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,590,028.00		177,289,895.30
28/04/2022	28/04/2022	INCREASE CAPITAL TERM DEPOSIT JOURNAL		937,641.46	178,227,536.76
28/04/2022	28/04/2022	INCREASE CAPITAL TERM DEPOSIT JOURNAL		75,000,000.00	253,227,536.76
24/05/2022	24/05/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	2,320,479.60		250,907,057.16
26/05/2022	26/05/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,300.00		250,905,757.16
27/05/2022	27/05/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,509,075.00		249,396,682.16
31/05/2022	31/05/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,213,900.00		248,182,782.16
10/06/2022	10/06/2022	INCREASE CAPITAL TERM DEPOSIT JOURNAL		1,300.00	248,184,082.16
22/06/2022	22/06/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,045,132.00		247,138,950.16
01/07/2022	01/07/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	2,037,356.00		245,101,594.16
06/07/2022	06/07/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,202,540.00		243,899,054.16
08/07/2022	08/07/2022	CREDIT INTEREST		1,545,313.30	245,444,367.46
08/07/2022	08/07/2022	TAX ON CREDIT INTEREST	231,797.00		245,212,570.46

The HF Current Account

Enjoy a Current Account like no other; in addition to the usual Current Account Features such as Overdraft & Excess over Limit facilities Contract and LPO financing, Cheque Discounting, Cash against un-cleared effects etc, the Housing Finance Current Account will link you to top construction professionals in the housing industry as well as provide you with up to date information through our exclusive Connecting Link Club which promises to expose you to a world of opportunities through various networking events. Please call us on 3262600 for more.



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We now offer agency banking at any Postbank branch. Deposit and withdraw up to Kshs 100,000 at low tariffs.

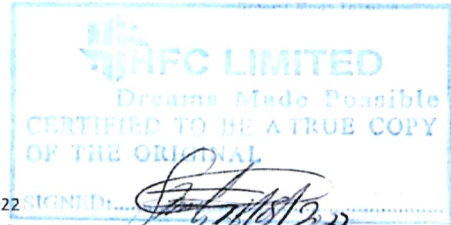
Crossover Savings Account

Did you know that with the HF Crossover Account, you earn loyalty points which are redeemable for great household prices; and what's more, after one year of operating the account, you will get access to great discounts on your mortgage interest and commitment fees. Please call us on 3262600 for more.

OCOB SCHEME HIGH INTEREST ACCOUNT



Statement of Account



OCOB SCHEME BACK UP ACCOUNT

Branch: GILL HOUSE BRANCH
NAIROBI Tel: 722205194

Statement Date: 16/08/2022
Account Number: 9289753101-0

Product: 31112 MORTGAGE SCHEME DEPOSIT
Period: 01/07/2021 - 16/08/2022

Currency: KES
Account Status: ACTIVE
Customer: 928975-1 OFFICE OF THE CONTROLLER OF BUDGET

Stanley EICHINA

Posting Date	Effective Date	Transaction	Cheque No.	Debit	Credit	Balance
		BALANCE B/F				52,101,150.61
19/07/2021	19/07/2021	JOURNAL DEBIT ML CAPITAL REPAID 2021	0	292,956.90	0.00	51,808,193.71
21/07/2021	21/07/2021	JC-CREDIT TO ACCOUNT NANCY KENDI MUTUA PD1242	0	0.00	1,164,950.00	52,973,143.71
21/07/2021	21/07/2021	JC-CREDIT TO ACCOUNT JACKLINE KAZIGA OGALO RL7232	0	0.00	10,000,000.00	62,973,143.71
30/07/2021	30/07/2021	JC-CREDIT TO ACCOUNT THEODORA BOSIBORI OCHICHI PD1241	0	0.00	1,214,910.00	64,188,053.71
16/08/2021	16/08/2021	JC-CREDIT TO ACCOUNT NICODEMUS BROWNLEY OYALO PD1254	0	0.00	1,473,200.00	65,661,253.71
21/09/2021	21/09/2021	JC-CREDIT TO ACCOUNT THEODORA BOSIBORI OCHICHI PD1286	0	0.00	899,500.00	66,560,753.71
21/09/2021	21/09/2021	JC-CREDIT TO ACCOUNT NORAH ROBINA MOGAKA PD1281	0	0.00	1,965,620.00	68,526,373.71
05/10/2021	05/10/2021	JC-CREDIT TO ACCOUNT RL7565 - JOSEPH OOKO MAREMBO	0	0.00	8,550,000.00	77,076,373.71
01/11/2021	01/11/2021	JC-CREDIT TO ACCOUNT NICODEMUS BROWNLEY OYALO PD1310	0	0.00	1,368,400.00	78,444,773.71
02/11/2021	02/11/2021	JOURNAL DEBIT ML Q3 CAPITAL REPAID 2021	0	615,811.48	0.00	77,828,962.23
02/11/2021	02/11/2021	JC-CREDIT TO ACCOUNT PD 1313 NORAH ROBINA MOGAKA	0	0.00	2,025,270.00	79,854,232.23
19/11/2021	19/11/2021	JC-CREDIT TO ACCOUNT LILIAN WAWUDA NYAMBU PD1325	0	0.00	1,082,795.00	80,937,027.23
06/12/2021	06/12/2021	JC-CREDIT TO ACCOUNT NORAH ROBINA MOGAKA - PD1336	0	0.00	1,713,000.00	82,650,027.23
06/01/2022	06/01/2022	JC-CREDIT TO ACCOUNT THEODORA BOSIBORI OCHICHI PD1351	0	0.00	1,191,950.00	83,841,977.23
07/01/2022	07/01/2022	JC-CREDIT TO ACCOUNT LILIAN WAWUDA NYAMBU	0	0.00	1,359,475.00	85,201,452.23
25/01/2022	25/01/2022	JOURNAL DEBIT ML Q4 CAPITAL REPAID 2021	0	724,982.59	0.00	84,476,469.64
02/02/2022	02/02/2022	JC-CREDIT TO ACCOUNT NICODEMUS BROWNLEY OYALO PD1366	0	0.00	1,419,300.00	85,895,769.64

09/02/2022	09/02/2022	JC-CREDIT TO ACCOUNT DENIS OGWEL OKUNGU -PD1372	0	0.00	1,367,180.00	87,262,349.64
25/03/2022	25/03/2022	JC-CREDIT TO ACCOUNT NORAH ROBINA MOGAKA -PD1397	0	0.00	1,660,950.00	88,923,899.64
28/04/2022	28/04/2022	JC-CREDIT TO ACCOUNT NORAH ROBINA MOGAKA -PD1416	0	0.00	1,590,028.00	90,513,927.64
28/04/2022	28/04/2022	JOURNAL DEBIT ML Q1 CAPITAL REPAID 2022	0	937,641.46	0.00	89,576,286.18
24/05/2022	24/05/2022	JC-CREDIT TO ACCOUNT JULIUS CHECHE KIHARA PD1427	0	0.00	2,320,479.60	91,896,765.78
27/05/2022	27/05/2022	JC-CREDIT TO ACCOUNT DENIS OGWEL OKUNGU	0	0.00	1,509,075.00	93,405,840.78
31/05/2022	31/05/2022	JC-CREDIT TO ACCOUNT NANCY KENDI MUTUA -PD1430	0	0.00	1,213,900.00	94,619,740.78
22/06/2022	22/06/2022	JC-CREDIT TO ACCOUNT NORAH ROBINA MOGAKA PD1447	0	0.00	1,045,132.00	95,664,872.78

Book Balance:	97,967,127.32
Available Balance:	97,967,127.32
Unclear Balance:	0.00
Blocked Balance:	0.00

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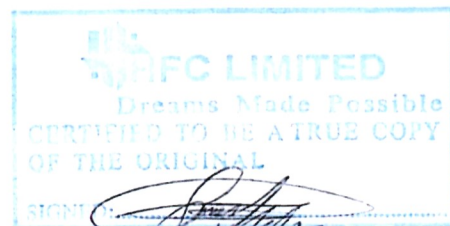
For more information on our services, contact us on 0709 438000, email customer.service@hfgroup.co.ke or SMS 21938.

OCOB SCHEME BACK UP ACCOUNT

PO BOX 35616 00100 NAIROBI

NAIROBI

NAIROBI 00100



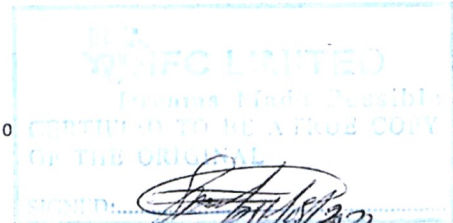


Statement of Account

OCOB SCHEME HIGH INTEREST ACCOUNT

Branch: HEAD OFFICE
Product: 31201
Description: FIXED TERM DEPOSIT ACCOUNT

Statement Date: 22/08/2022
Account Number: 9289753401-0
Currency: KES
Account Status: ACTIVE
Customer: 928975 - 1
Address: PO BOX 35616 00100 NAIROBI
 00100
 NAIROBI



Date Posted	Effective Date	Description	Debit	Credit	Balance
06/01/2022	06/01/2022	INITIAL TERM DEPOSIT TRANSFER		182,907,032.83	182,907,032.83
06/01/2022	06/01/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,191,950.00		181,715,082.83
07/01/2022	07/01/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,359,475.00		180,355,607.83
25/01/2022	25/01/2022	INCREASE CAPITAL TERM DEPOSIT JOURNAL		724,982.59	181,080,590.42
02/02/2022	02/02/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,419,300.00		179,661,290.42
09/02/2022	09/02/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,367,180.00		178,294,110.42
25/03/2022	25/03/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,660,950.00		176,633,160.42
31/03/2022	31/03/2022	CREDIT INTEREST		2,643,250.45	179,276,410.87
31/03/2022	31/03/2022	TAX ON CREDIT INTEREST	396,487.57		178,879,923.30
08/04/2022	08/04/2022	TERM DEPOSIT PAYMENT AT EXPIRY-JOURNAL	178,879,923.30		0.00
08/04/2022	08/04/2022	INITIAL TERM DEPOSIT TRANSFER		178,879,923.30	178,879,923.30
28/04/2022	28/04/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,590,028.00		177,289,895.30
28/04/2022	28/04/2022	INCREASE CAPITAL TERM DEPOSIT		937,641.46	178,227,536.76

		JOURNAL			
28/04/2022	28/04/2022	INCREASE CAPITAL TERM DEPOSIT JOURNAL		75,000,000.00	253,227,536.76
24/05/2022	24/05/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	2,320,479.60		250,907,057.16
26/05/2022	26/05/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,300.00		250,905,757.16
27/05/2022	27/05/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,509,075.00		249,396,682.16
31/05/2022	31/05/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,213,900.00		248,182,782.16
10/06/2022	10/06/2022	INCREASE CAPITAL TERM DEPOSIT JOURNAL		1,300.00	248,184,082.16
22/06/2022	22/06/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,045,132.00		247,138,950.16
01/07/2022	01/07/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	2,037,356.00		245,101,594.16
06/07/2022	06/07/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,202,540.00		243,899,054.16
08/07/2022	08/07/2022	CREDIT INTEREST		1,545,313.30	245,444,367.46
08/07/2022	08/07/2022	TAX ON CREDIT INTEREST	231,797.00		245,212,570.46
08/07/2022	08/07/2022	PREMATURE TERM DEPOSIT PAYMENT-JOURNAL	245,212,570.46		0.00
08/07/2022	08/07/2022	INITIAL TERM DEPOSIT TRAFER		245,212,570.46	245,212,570.46
12/07/2022	12/07/2022	INCREASE CAPITAL TERM DEPOSIT JOURNAL		25,000,000.00	270,212,570.46
19/07/2022	19/07/2022	INCREASE CAPITAL TERM DEPOSIT JOURNAL		937,641.46	271,150,211.92
11/08/2022	11/08/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,300.00		271,148,911.92
17/08/2022	17/08/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,314,150.00		269,834,761.92
17/08/2022	17/08/2022	PARTIAL TERM DEPOSIT WITHDRAWAL-JOURNAL	1,940,000.00		267,894,761.92

The HF Current Account

Enjoy a Current Account like no other. In addition to the usual Current Account Features such as Overdraft & Excess over Limit facilities Contract and LPO financing, Cheque Discounting, Cash against un-cleared effects etc, the Housing Finance Current Account will link you to top construction professionals in the housing industry as well as provide you with up to date information through our exclusive Connecting Link Club which promises to expose you to a world of opportunities through various networking events. Please call us on 3262600 for more.

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Crossover Savings Account

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OCOB SCHEME HIGH INTEREST ACCOUNT

HFC

Statement of Account

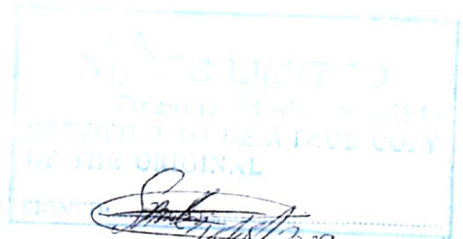
OCOB SCHEME BACK UP ACCOUNT

Branch: GILL HOUSE BRANCH
 NAIROBI Tel: 722205194

Product: 31112 MORTGAGE SCHEME DEPOSIT

Period: 01/01/2022 - 22/08/2022

Statement Date: 22/08/2022
Account Number: 9289753101-0
Currency: KES
Account Status: ACTIVE
Customer: 928975-1 OFFICE OF THE CONTROLLER OF BUDGET



S. M. M. M.
 22/08/2022
 SIGNATURE
 C/O HFC

Posting Date	Effective Date	Transaction	Cheque No.	Debit	Credit	Balance
06/01/2022	06/01/2022	BALANCE B/F				82,650,027.23
		JC-CREDIT TO ACCOUNT THEODORA BOSIBORI OCHICHI PD1351	0	0.00	1,191,950.00	83,841,977.23
07/01/2022	07/01/2022	JC-CREDIT TO ACCOUNT LILIAN WAWUDA NYAMBU	0	0.00	1,359,475.00	85,201,452.23
25/01/2022	25/01/2022	JOURNAL DEBIT ML Q4 CAPITAL REPAID 2021	0	724,982.59	0.00	84,476,469.64
02/02/2022	02/02/2022	JC-CREDIT TO ACCOUNT NICODEMUS BROWNLEY OYALO PD1366	0	0.00	1,419,300.00	85,895,769.64
09/02/2022	09/02/2022	JC-CREDIT TO ACCOUNT DENIS OGWEL OKUNGU -PD1372	0	0.00	1,367,180.00	87,262,949.64
25/03/2022	25/03/2022	JC-CREDIT TO ACCOUNT NORAH ROBINA MOGAKA -PD1397	0	0.00	1,660,950.00	88,923,899.64
28/04/2022	28/04/2022	JC-CREDIT TO ACCOUNT NORAH ROBINA MOGAKA -PD1416	0	0.00	1,590,028.00	90,513,927.64
28/04/2022	28/04/2022	JOURNAL DEBIT ML Q1 CAPITAL REPAID 2022	0	937,641.46	0.00	89,576,286.18
24/05/2022	24/05/2022	JC-CREDIT TO ACCOUNT JULIUS CHECHE KIHARA PD1427	0	0.00	2,320,479.60	91,896,765.78
27/05/2022	27/05/2022	JC-CREDIT TO ACCOUNT DENIS OGWEL OKUNGU	0	0.00	1,509,075.00	93,405,840.78
31/05/2022	31/05/2022	JC-CREDIT TO ACCOUNT NANCY KENDI MUTUA -PD1430	0	0.00	1,213,900.00	94,619,740.78
22/06/2022	22/06/2022	JC-CREDIT TO ACCOUNT NORAH ROBINA MOGAKA PD1447	0	0.00	1,045,132.00	95,664,872.78
01/07/2022	01/07/2022	JC-CREDIT TO ACCOUNT JULIUS CHECHE KIHARA -PD1453	0	0.00	2,037,356.00	97,702,228.78
06/07/2022	06/07/2022	JC-CREDIT TO ACCOUNT LILIAN WAWUDA NYAMBU PD1455	0	0.00	1,202,540.00	98,904,768.78
19/07/2022	19/07/2022	JOURNAL DEBIT ML Q2 CAPITAL REPAID 2022	0	937,641.46	0.00	97,967,127.32
17/08/2022	17/08/2022	JC-CREDIT TO ACCOUNT LILIAN WAWUDA NYAMBU	0	0.00	1,314,150.00	99,281,277.32
17/08/2022	17/08/2022	JC-CREDIT TO ACCOUNT JULIUS CHECHE KIHARA	0	0.00	1,940,000.00	101,221,277.32

Book Balance:	101,221,277.32
Available Balance:	101,221,277.32
Unclear Balance:	0.00
Blocked Balance:	0.00

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OCOB SCHEME BACK UP ACCOUNT

PO BOX 35616 00100 NAIROBI

NAIROBI

NAIROBI 00100

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Date: 12/10/2022